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ABSTRACT

A 1995 study of recent developments in temporary work in Britain was based on survey data from 979 workplaces and interviews with 23 employers and employment agencies. Data were collected through a postal questionnaire survey and face-to-face interviews. Findings indicated that temporary working was widespread with over half the respondents currently employing temporary workers. Two reasons emerged very clearly as the main rationale for using temporary workers: matching staffing levels to peaks in demand and short-term coverage while staff were away on holiday or sick leave. Some evidence supported the theory that temporary work could be a stepping stone back into permanent employment. Employers identified these disadvantages with using temporary workers: temporary workers were thought to be less reliable, needed in-house training, and were considered less productive. The recent increase in temporary employment was most notable within professional occupations. Direct recruitment of temporary workers remained dominant and was cited by just over half of respondents. Nearly one-third used private agencies. The survey found that 68 percent of those who employed temporary staff had appointed at least one temporary employee to a permanent position in the past 3 years. The flow into permanent work was more marked in three sectors: distribution, business services, and other services. (Appendixes include the methodology, questionnaire, and 38-item bibliography.) (YLB)

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TEMPORARY WORK AND THE LABOUR MARKET

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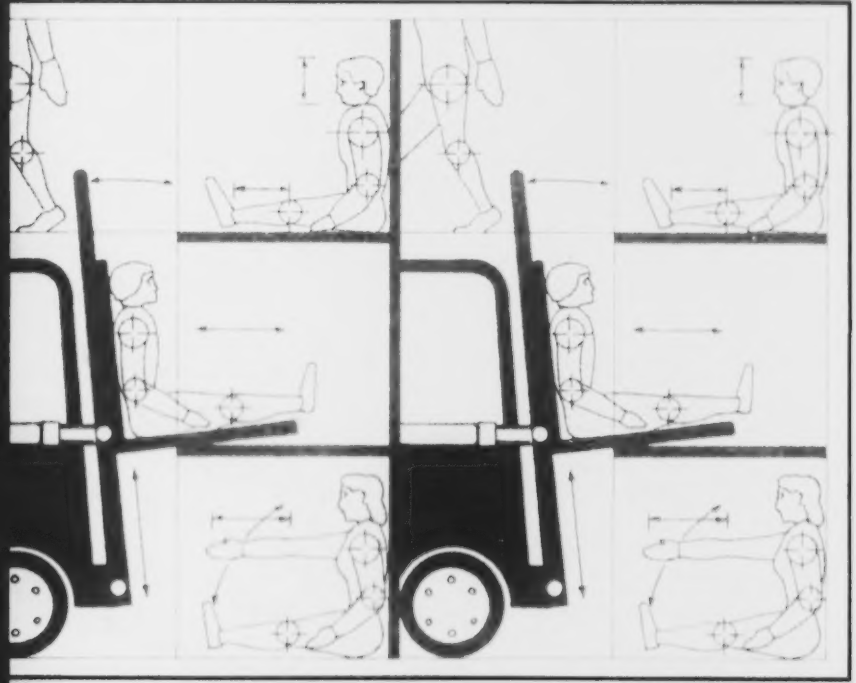

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The Institute for Employment Studies is an independent, international centre of research and consultancy in human resource issues. It has close working contacts with employers in the manufacturing, service and public sectors, government departments, agencies, professional and employee bodies, and foundations. Since it was established 25 years ago the Institute has been a focus of knowledge and practical experience in employment and training policy, the operation of labour markets and human resource planning and development. IES is a not-for-profit organisation which has a multidisciplinary staff of over 60. IES expertise is available to all organisations through research, consultancy, training and publications.

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Formerly titled the Institute of Manpower Studies (IMS), the Institute changed its name to the *Institute for Employment Studies* (IES) in Autumn 1994, this name better reflecting the full range of the Institute's activities and involvement.

Contents

Executive Summary 1

1. Introduction and Summary of Main Findings 3

1.1 Research questions and the structure of this report 4
1.2 Outline of the research 4
1.3 Summary of results 6

2. The Extent of Temporary Work 12

2.1 Evidence from the LFS 12
2.2 Evidence from previous research 15
2.3 The extent of temporary working: IES survey evidence 17
2.4 Organisational characteristics and temporary working 20
2.5 Changes in temporary working: the employment agencies' perspective 21
2.6 Changes in temporary working: the employers' perspective 22

3. Rationale for Temporary Working 24

3.1 Employers and temporary workers: evidence from the literature 24
3.2 Main reasons for using temporary workers: survey evidence 27
3.3 The effects of market position and stability on the employment of temporary workers 35
3.4 Changing patterns of temporary workers 37
3.5 Rationales for temporary work: the agencies' perspective — interview data 40
3.6 Changing face of temporary work: agencies' perspective — interview data 41
3.7 Employers' reasons for using temporary workers — interview data 42

4. Characteristics of Temporary Workers 45

4.1 Introduction 45
4.2 Occupation and sector of employment 45
4.3 Personal characteristics of temporary workers 48
4.4 Evidence from the literature 50
4.5 Reasons for taking temporary work 51
4.6 Conclusion 52

5. Finding Temporary Staff 53

5.1 Supply of temporary workers: previous empirical evidence 53
5.2 Recruitment of temporary staff: IES results 55
5.3 Perceived advantages of using agencies 58

6. Stepping Stones 64

6.1 Introduction 64
6.2 Unemployment and temporary working: previous empirical evidence 66
6.3 Recruiting from temporary positions 67
6.4 Rationales for the transfer 70
6.5 Temporary jobs, selection criteria and disadvantaged groups 73

7. Conclusions 76

7.1 Recapitulation 76
7.2 Are the unemployed well placed to take temporary jobs? 77
7.3 Are the Jobcentres well placed to meet employer demands for temporary labour? 79
7.4 Are the unemployed likely to benefit from taking a temporary job? 80

Appendix 1: Technical Appendix 81

Appendix 2: Questionnaire 87

Appendix 3: Bibliography 94

Appendix 4: Commentary Programme List 97

Executive Summary

This Commentary presents results of research conducted in mid-1995, and is concerned with recent developments in temporary working. It is based on survey data from 979 workplaces, and interviews with 23 employers and employment agencies.

The research confirms the widespread use of temporary workers (half the survey respondents were using them), and the recent growth in their employment. The dominant pattern of use is shown to be a relatively thin layer of temporaries (one in ten employees among our users), somewhat thicker where business volumes are unpredictable. Responding to peaks in demand is the most widespread rationale, and accounts for much cyclical variation in the extent of use. Cover for absent staff is also widely reported. The more likely workplaces were to cite the former, the thicker the layer of temporaries currently employed.

Agencies report increasing coherence and thoughtfulness in employers' requirements for temporary help, and consequently an increasing concern with the quality of temporary workers sought, and an intensified concern to deploy them efficiently.

Many employers do transfer staff recruited to a temporary position onto permanent status; two-thirds of those with temps had done so in the past three years. Furthermore, the scale of this transfer seems to be considerable, cumulatively amounting to nearly nine per cent of the current stock of these employers' permanent jobs during this period. The two crucial conditions for such transfers are that demand for labour increases to sustain it, and that the individual in question demonstrates significant merit in post.

However, the unemployed may not be particularly well placed to take advantage of this, for two reasons. Firstly, employers with a vacancy are rarely likely to look more favourably on an unemployed applicant if the post in question is temporary; only one in five said that they might do so, and then only for the relatively short-term unemployed. For those unemployed for over one year, 13 per cent might do so, but a similar proportion would be less likely to. This reluctance derives from employers' concern that the temporary recruit should quickly be able to come up to speed with the demands of the job and the workplace.

Secondly, although Jobcentres have a significant penetration into the temporary work labour market, they are not perceived as offering significant operational advantages as suppliers of temporary workers by those who use them. Speed and high quality of candidates are the most frequently cited advantages of any agency, but Jobcentre users are much less likely to report this; by contrast, they are more likely to cite low cost.

1. Introduction and Summary of Main Findings

This Commentary presents results of research conducted in mid-1995 and addresses recent developments in temporary working. Based on survey data from 979 work places and interviews with 23 employers and employment agencies, it provides new empirical evidence about the emergent character of temporary work. It addresses this evidence to an important question of labour market policy: to what extent might temporary employment represent a stepping stone between unemployment and work offering a reasonable prospect of continuity?

It is widely accepted that positive labour market policies which seek to lift individuals out of long term unemployment, by significantly enhancing their human capital, are expensive. Even if programmes are extremely well designed and administered, in order to minimise dead-weight, displacement and other inefficiencies, the remaining bill is likely to be a substantial one. Attention has increasingly focused on interventions which get the normal mechanics of the labour market to do much of the restorative work. Under this perspective, individuals are given sufficient help to bring them into closer, and hopefully more constructive, contact with the labour market, and the rest is up to them.

A good example of this would be jobsearch training: it is relatively cheap to provide on a large scale; it is a skill in which the long term unemployed in particular may demonstrate some deficiencies; and if it helps them get back into any reasonable kind of job, they are then much better placed in the eyes of a future recruiter to a better one. The jobsearch training has acted as a catalyst, and the positive dynamic of the labour market has done the rest.

Can temporary jobs play the same catalytic role? By bringing otherwise excluded individuals into employment, albeit temporary, they may then acquire several advantages over their previous state. So far as a future recruiter is concerned, these might include possession of an up-to-date employer reference, clear evidence of employability and capacity to hold down a job, and some transferable skill acquisition. From their own perspective, the individuals may acquire vital insider knowledge about up-coming vacancies, a chance to improve their CV, access to the grapevine, *etc.*

This is all very well in theory, but there are some obvious stumbling blocks. Are employers any more likely to hire (say) a

long-term unemployed individual to a given job just because it is temporary? Do employers move staff taken on as temporaries into permanent jobs, or are they more likely simply to return to the register? In other words, do temporary jobs represent a favourable opening in the labour market, and do they lead anywhere?

1.1 Research questions and the structure of this report

By asking *general* questions about the character of temporary work, its institutions and conventions, we can begin to get some understanding of these important issues, and this is where our report begins. Thus the first four chapters of the report are concerned with questions around:

- the character of temporary working in general
- the differing motives which explain why, and also how, employers use temporary workers
- the occupational and other characteristics of temporary workers themselves
- how employers recruit temporary workers, in particular the role of intermediary bodies in the temporary work labour market, and the advantages and disadvantages which employers believe accrue to each.

The report then goes on to consider *specific* questions about the prospects for jobseekers to effect transitions from temporary to permanent employment. We review data on two critical issues influencing the prospects for making such a transfer, as a path out of unemployment:

- firstly we assess the incidence and circumstances surrounding the transfer from temporary to permanent status
- secondly, we assess whether various categories of disadvantaged workers might be more favourably looked on by employers, if they are recruiting to a temporary job rather than a permanent one.

Finally, we sum up the results, and offer our prognosis for policy development. We ask whether the route identified is likely to be a viable one for the Employment Service to promote, and examines the means through which this might be effected.

1.2 Outline of the research

A full technical report on the research is provided at Appendix 1, and here we simply outline the main parameters of the new primary research undertaken for this study, on which most of the results presented are based.

The research comprised two components: a postal questionnaire survey of employers, and face-to-face interviews with selected employers and employment agencies.

1.2.1 Definitions of temporary work

There have been a number of changes in the definition of temporary worker. For the purposes of this research, the following wide definition of temporary work was adopted:

> *'Temporary workers are those whose employment is seen by both employer and employee as being for a limited period only. They include casual employees, seasonal employees and employees on contracts that run for a fixed term, or until a particular task has been completed. They also include agency temporaries (ie people working at an establishment on a temporary basis who are employed by employment agencies or other companies providing temporary staff), freelancers, external consultants and self-employed workers.'*

The Labour Force Survey (LFS) used the following definition of temporary workers until 1992:

> *'Employees or self-employed people of working age who assess themselves to have either a seasonal, temporary or casual job, or a job done under a contract for a fixed period of time.'*

However, since 1992, the LFS has not consistently collected information on temporary working from the self-employed. Hence the only way to ensure a consistent base of temporary workers is to use the 'employee' filter. This means that only people who are 'employees' (*ie* not the self-employed) are included in questions about temporary working. Where this distinction is relevant, it is commented on in the text of the report.

1.2.2 The survey

We undertook a postal survey of 2,000 establishments in Great Britain. The establishments were selected randomly from a sampling frame which was stratified by sector (to be representative of the sectoral distribution of employment), and by establishment (employment) size. We oversampled large establishments in order to assure ourselves of a reasonable coverage of them within the achieved sample, and subsequently weighted the results to reflect the actual distribution of establishment sizes. We excluded establishments employing fewer than 25 workers from the scope of the survey. Finally, the agricultural sector was excluded from the sampling frame. This is due to the fact that this sector has traditionally had a unique character of temporary employment which does not reflect current trends in the rest of the economy.

The sample was drawn from BT's 'Connections in Business'. We achieved a response rate of 50 per cent, providing us with useful data on some 979 establishments. The sectoral distribution

remains representative, and the weighting procedure adopted means that the size characteristics of the establishments providing results is also representative.

1.2.3 The interviews

The aim of the interviews was to supplement the quantitative data provided by the survey with qualitative assessments provided by a range of different employers and employment agencies. We conducted face-to-face interviews with 12 employers and with 11 agencies. The former tended to be larger employers; the latter were selected to give a good spread across 'traditional' office temp. suppliers, larger general agencies, specialist technical/professional agencies, and management/ executive agencies.

1.3 Summary of results

The principal results of the research are shown below.

1.3.1 The extent of temporary work

Chapter 2 considers the extent of temporary working in general, and concludes that temporary working is widespread, with over half our respondents currently employing temporary workers, and a further fifth who have done so within the past three years.

The extent to which temporary workers were employed did vary according to the size of the organisation, with smaller establishments less likely to employ (or have recently employed) temporary workers.

On the whole, the scale of their employment was generally limited, accounting for just over one in ten employees in establishments using temporaries, and nine per cent of the workforces of users and non-users together. When looked at by industrial sector, however, there is considerable inter-sectoral variation in both the incidence and extent of temporary employment.

Agencies confirmed that there had been a large and sustained level of increase in the volumes of their business in the past few years and they suggested increasingly coherent and systematic criteria in choosing to employ temporary staff on the part of their customers, supplementing, but not replacing, the traditional rationales of covering leave and meeting peaks in demand.

1.3.2 Rationale for temporary working

Chapter 3 considers the differing motives which explain why, and also how, employers use temporary workers. It shows that two reasons emerge very clearly as the main rationale for using temporary workers.

The two most frequently cited rationales were 'matching staffing levels to peaks in demand' (39.9 per cent) and 'short-term cover whilst staff are away on holiday or sick leave' (27.7 per cent). These rationales held true regardless of industrial sector. Employers did vary in their rationale for employing temps depending on what proportion of temps there were in the workforce.

The higher the proportion of temporary staff employed, the more frequently volume-related rationales were offered, and the less important were the cover-related ones. In addition to the most frequently cited rationales (volume and plugging the gaps), there was also a range of other reasons for taking on temporary workers. In particular, over ten per cent of employers identified each of the following reasons: 'cover for maternity leave'; 'to deal with one-off tasks'; 'to provide specialist skills'; and 'as a trial for a permanent job'.

Use of temporary workers was also found to be related to the level and predictability of demand. The more predictable the volume of business, the less likely establishments were to employ temporary workers, and the smaller the proportion of employment they constituted. Increasing demand was also found to be associated with lower use of temporaries.

There was found to be quite considerable variation in these secondary rationales according to industrial sector and size.

There was some evidence to support the theory that temporary work could be a stepping stone back into permanent employment. A fifth or more of all employers used temporary jobs as trials for permanent ones, although this fell away as the proportion of temporaries in the workforce increased.

Despite being widespread, employers did identify several disadvantages with using temporary workers. The main disadvantage, perceived by half the users, was that temporary workers were thought to be less reliable than permanent employees. This was closely followed by the view that temporary workers needed in-house training (48.4 per cent of employers saw this as a disadvantage).

Both these disadvantages were seen to vary depending on the proportion of temps in the workforce. The higher the proportion of temporaries in the workforce, the more likely the need for in-house training was mentioned as a constraint. The fewer the proportion of temps in the workforce, the more likely lower reliability was to be perceived as a problem.

A further disadvantage of temporary working, cited by just over a fifth (21 per cent) of employers was that temporary workers were considered to be less productive than their permanent counterparts.

Use of temporary workers was found to be related to business volumes over the last three years. Employers with a relatively low proportion of temporary workers were more likely to report an increase in the volume of business in the past three years than were those with more.

The predictability of business levels was also found to influence use of temporary workers. Where volumes were moderately or very unpredictable, the proportion of temporary staff was higher.

Survey results identified some growth in reported use of temporary workers, although the biggest group of respondents said their use of temporary workers had stayed the same. Among users of temporary workers, twice as many establishments had increased the number employed in the past three years (34.7 per cent) than had reduced. However, fully 46 per cent said that their use of temporary workers had remained at the same level over the last three years.

Agency respondents reported that employers were becoming increasingly demanding. In particular, they expected temporary workers to get up to speed very quickly, and were also becoming far more expert in specifying and buying in temporary staff.

1.3.3 Characteristics of temporary workers

Chapter 4 reviews the occupational and other characteristics of the temporary workers themselves. It shows that:

The recent increase in temporary employment has been most notable within professional occupations. In 1992, ten per cent of professionals were employed on a temporary basis, whereas in 1995, the figure stands at nearly fourteen per cent.

Just under 50 per cent of survey respondents who employed temporary workers indicated doing so in the traditional secretarial and clerical roles. Technical and computing occupations were the second most frequently cited at 19.8 per cent, closely followed by stores and warehousing at 19.2 per cent.

1.3.4 Finding temporary staff

In Chapter 5, we turn to the question of the roles of intermediary bodies in the temporary work labour market, looking at the way in which employers use them to secure the temporary staff they need. Here, findings showed that direct recruitment of temporary workers remains dominant, with just over half the respondents citing one or other method of direct recruitment as their main way of taking on temporary staff.

Private agencies are widely used and are cited as the main method of recruitment by nearly a third of our respondents using temps. This can be broken down further to show that 15.9

per cent go to specialist agencies and 14.4 per cent go to general ones, whilst Jobcentres are cited as a main source of temporary staff by 14 per cent of our respondents.

Quality of temporary staff and specialisation were key themes emerging from the agency interviews. An increasingly strong axis of competition evinced by the private agencies is to win customer recognition for the quality of both the staff they provide, and the manner in which they provide them. At the same time, there is some evidence arising from the interviews that the most common means of achieving such 'quality' is through specialisation. There is a growing trend to provide a better service by meeting the particular requirements of the different occupational components of the temporary workers labour market. This is achieved either through divisionalisation (on the part of some of the larger agencies) or through a more limited occupational range on the part of the others.

However, despite this apparent trend, the technical/specialist staff share of the market is still relatively small, with less than one in five employers using them at all, and the managerial/executive share is smaller still.

Jobcentres potentially enjoy significant access to the temporary work labour market. Fully a third of all our establishments use them to recruit temporary staff, and this amounts to over 60 per cent of those who are in the market to employ such staff. The Jobcentres are the most frequently used agency of well over a third of those using private and public agencies to find temporary staff.

The ability to secure temporary staff quickly when they are needed is the most frequently cited advantage offered by the general agencies, with four out of five users of general agencies recognising their provision of staff 'on demand', and two in three recognising speed in meeting employer needs, as important advantages. This contrasts with findings from the *Employer Recruitment Practices Survey* (ERPS) which indicates that Jobcentres have an advantage over private agencies in terms of the speed with which they fill vacancies. ERPS, however, did not consider temporary vacancies independently.

For employers, after this immediacy in meeting demand, next comes the issue of quality. Nearly half of the general agency users recognised advantage in the assured quality of staff which they provided, and about a third of them cited the agencies' expertise in selection as an advantage. A third advantage offered by these agencies was their readiness to take over the administrative effort in securing, selecting and deploying such temporary workers.

There were some disadvantages reported by employers in using general agencies. The perceived disadvantages of the general

agencies are high cost (53 per cent) and unreliability in supply of the right skills (45 per cent).

Employers' perceptions of the services offered by more specialist agencies is quite different. Among employers using the more specialist agencies, immediacy and speed in response to clients' expressed needs is much less marked. Conversely, the importance attached to the quality of staff they can offer is somewhat stronger. In addition, specialist agencies are much less likely to be criticised for not understanding the users' requirements, and are similarly less likely to be faulted for an inability to provide the right skills. As a result, they are much less likely to attract censure for sending the wrong sort of people. They are slightly more likely to be seen as costly, but not much so.

Jobcentres do not fare well in a comparison with private agencies. In almost all the categories cited, Jobcentres are much less likely to be seen by their users as offering advantage than are the private generalist agencies. In particular, a low proportion of users see the Jobcentre as offering advantageous access to an assured quality of temporary staff (8.3 per cent of users).

There are other criteria, however, on which the Jobcentres do compete well. Having local and/or occupational labour market knowledge, and providing access to wider labour markets, are cited much more often than for the generalist agencies. Most importantly, Jobcentres are not perceived as costly in the almost universal way that private agencies are.

1.3.5 Stepping stones

Chapter 6 discusses how far, and under what circumstances, temporary jobs might represent 'stepping stones' in the labour market, allowing individuals access to wider opportunities, and specifically, offering them a potential route out of unemployment. Our survey found that 68 per cent of those who employed temporary staff had appointed at least one temporary employee to a permanent position in the past three years. As about a quarter of our base sample never used temporary workers, and so were excluded from this question, this means that exactly half of all our establishments had taken temporary staff into permanent jobs in the past three years.

Among those establishments who employ, or had recently employed, temporary staff, the number of temporaries transferred to permanent status was considerable, amounting to the equivalent of 8.6 per cent of their current stock of permanent posts over the past three years.

This flow into permanent work was much more marked in certain sectors. Distribution (15.1 per cent), business services (9.2 per cent) and other services (8.2 per cent) all showed high levels of temporary workers moving to permanent posts.

Our interviews suggested, and the survey results confirm, that for such transfers to take effect, there are two criteria: (1) the level of demand for labour had to be increasing, or at least relatively buoyant, and (2) the individual concerned had to have demonstrated considerable personal merit in post.

Employers were also quick to identify the positive benefits of such transfers and two related advantages were widely cited. Firstly, the chosen individual does not have induction or initial training costs, as they are already familiar with the job and work requirements. Secondly, the employer is familiar with them and, in particular, is satisfied that they are competent workers who may be appointed with confidence.

There was some limited evidence that temporary workers could transfer to permanent jobs for which they would not normally meet the selection criteria. However, this was not very widespread. A few employers (a third of this sub-sample of employers who had made such transfers, and 16 per cent of the whole sample) saw advantage in reducing their formal selection criteria for an established post, in the face of the proven capacity to do the job in an employee who did not otherwise have the right qualifications.

Overall though, it has to be said that employers are generally no more ready to take on a recruit from a disadvantaged group or under-qualified into a vacancy which happens to be temporary, than they are if it was permanent. Indeed, for some disadvantaged groups (those with criminal records, those with only borderline experience and those with similarly limited qualifications) significant proportions of employers say that they would be less willing to consider them if the vacancy was temporary. This fits in with employers' concerns about needing to train temporary employees and the quality of temps that agencies can supply. One group, however, were found to be at a slight advantage in being considered for temporary work. Only among the short-term unemployed (up to one year) are there significant numbers of employers (nearly 20 per cent) who would be more likely to take them on for temporary than for permanent work.

2. The Extent of Temporary Work

2.1 Evidence from the LFS

This chapter explores the extent to which temporary working occurs across the industrial sectors. Section 2.1 draws on evidence from the Labour Force Survey (LFS), Section 2.2 reviews previous research in the area, Sections 2.3 and 2.4 present findings from the IES survey and Section 2.5 presents interview data.

The LFS is a household survey covering some 60,000 households and involving around 160,000 individuals. Respondents are asked questions on subjects ranging from personal characteristics through to activities in the labour market. Annual since 1984, the survey became quarterly from 1992.

From 1984 to 1992, the LFS used the following definition for temporary workers: 'Employee or self-employed persons of working age who assess themselves to have either a seasonal, temporary or casual job, or a job done under a contract for a fixed period of time'. Since 1992, only 'employees' (as opposed to the 'self-employed') have been asked consistently about temporary status.

This section uses the LFS to look at changes in the number of temporary workers over time, as well as their socio-economic characteristics during spring quarter 1995.[1] This latter cross-sectional component of the analysis is undertaken in order that some broad comparisons may be made with work undertaken by Casey (1988).[2]

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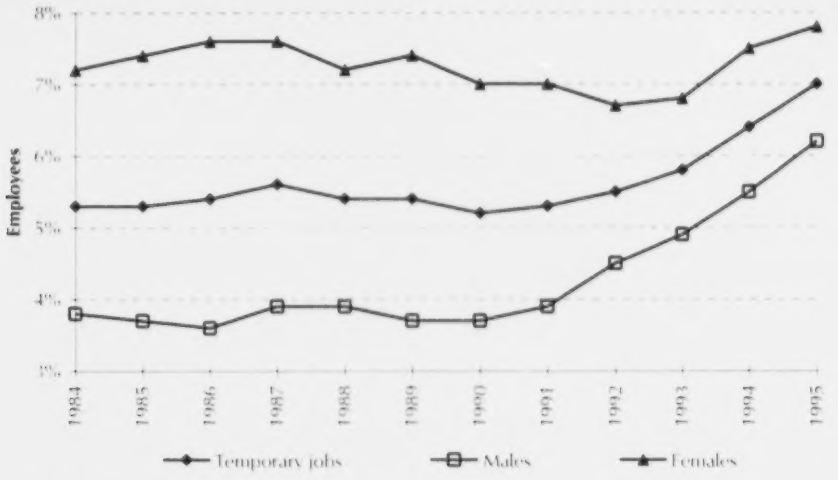
[1] The LFS spring quarter results contain data from Northern Ireland which have been excluded from what follows.

[2] There have been a number of definitional changes which affect direct comparisons between our analysis and that of Casey (1988). Although published in 1988, Casey's analysis was carried out on data from the LFS, 1984. At this time both employees and the self-employed were asked questions as to whether they regarded their work as permanent or not. From 1992, when the LFS moved from an annual survey to a quarterly one, only employees were asked whether their job was temporary or not. Thus Casey's analysis includes the self-employed, who are excluded from what follows.

Figure 2:1 Temporary work in Great Britain, 1984 to 1995



Source: LFS spring quarters in Beatson M (1995), page 10

2.1.1 Time series

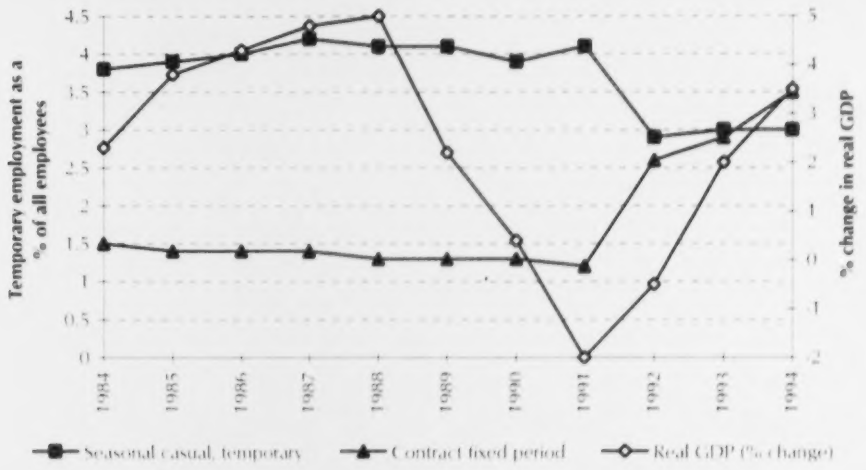
Figure 2:1 looks at the incidence of temporary work in Great Britain[1] over an eleven year period. The upper line represents female temporary workers as a proportion of all female employees; the middle line, all temporary jobs; and the lower line, male temporary employees, as a proportion of all male employees.

It is clear that between 1984 and 1991 the proportion of employees employed on a temporary basis remained broadly constant. Since 1991 this proportion has risen from 5.3 per cent of employees to 6.9 per cent in 1995. The figures suggest that the increase in temporary workers as a proportion of all employees from 1991 to 1993 was driven disproportionately by male entry into temporary work. In absolute terms, however, female temporaries still out-number males, as has been the case since 1984.

Figure 2:2 looks at the trend in the two main categories of temporary worker, as defined by the LFS, over a ten year period. Both these series are examined within the context of economic output, or real GDP (Gross Domestic Product). From 1984, as output rose, the proportion of employees in seasonal or casual temporary work increased. The picture for contract work, over the period 1984 to 1991, is one of consistent modest decline. As the economy moves out of recession in 1992, the overall growth in temporary employment (see Figure 2:1) appears to be driven by fixed-term temporary work. After 1993, and for the first time, fixed-term temporary working exceeds casual or seasonal work.

[1] Due to difficulties in obtaining consistent time series, data drawing on results from Great Britain has been used.

Figure 2:2 Types of temporary employment and real GDP



Source: LFS and OECD Economic Outlook, December 1994

The latest upturn in economic activity has brought with it a change in the nature of temporary work. Further evidence on the relationship between output and temporary working is reviewed later.

The analysis above is based on spring quarters and, as such, gives us little idea of seasonal influences. It is these we now consider.

2.1.2 Seasonal trends

It should be borne in mind when interpreting the figures above, that as spring quarters they may under-report the number of temporary workers. This is because the annual peak in temporary work usually occurs in the summer months. Additionally, the increase in temporary workers from one summer to the next may be greater than that from spring to spring. Table 2:1 shows the number and proportion of temporary workers on a quarterly basis, from the spring quarter 1992 to the spring quarter 1995. (These figures are for Great Britain and exclude Northern Ireland.) The overall upward trend reported in Figure 2:1 can be seen, with peak demand for temporary workers occurring during the summer quarter, expressed as a proportion of total employees. It may be possible that peak demand for temporary workers over the summer months may rise faster through time than demand during the spring quarter.[1]

[1] Not having access to a longer time series of quarterly observations prevents more detailed analysis.

Table 2:1 Temporary workers quarterly data — Spring 1992 to Spring 1995, Great Britain

	Women (000s)	% of all women	Men (000s)	% of all men	Total number (000s)	% of total employees
Spring 92	687	6.7	508	4.5	1,195	5.6
Summer 92	736	7.2	623	5.5	1,360	6.3
Autumn 92	729	7.1	591	5.2	1,320	6.1
Winter 92	712	7.0	554	5.0	1,266	6.0
Spring 93	696	6.8	555	5.0	1,251	5.9
Summer 93	783	7.6	680	6.0	1,463	6.8
Autumn 93	801	7.8	642	5.7	1,443	6.7
Winter 93	789	7.7	613	5.5	1,402	6.6
Spring 94	773	7.5	613	5.5	1,386	6.5
Summer 94	861	8.3	750	6.6	1,611	7.4
Autumn 94	853	8.3	728	6.4	1,581	7.3
Winter 94	820	8.0	687	6.1	1,507	7.0
Spring 95	807	7.8	705	6.2	1,512	7.0

Source: LFS spring quarters exclude Northern Ireland, other quarters only cover Great Britain

2.2 Evidence from previous research

This section examines other sources of empirical evidence into the nature and incidence of temporary work. Much of the literature is concerned with whether data concurs with the theory of the flexible firm, and much discussion of temporary work is set within this context. There is, however, some investigation specifically into temporary work. What follows is evidence relating to the trend in temporary work over time and the socio-economic characteristics of temporary workers.

2.2.1 Trends in temporary working

A number of papers have looked at whether there has been a discernible rise in the number of temporary workers through the 1980s.

At issue in Meager (1985) was the separation of cyclical and structural components in the growth, or otherwise, of temporary working. Does a rise in economic output lead to an increase in temporary employment, and a fall in output to less temporary work, or is there some factor or factors, independent of economic activity, which is causing the incidence of temporary work to rise? Pollert (1988) finds support for the view, from WIRS2 (Workplace Industrial Relations Survey), that 'temporary work in the form of short, fixed-term contracts, increases with full production capacity, and decreases with below-capacity

production'.[1] Meager's 1985 study, based on a survey of employers, indicates that temporary work moves broadly with cyclical trends in economic activity through time, mitigated by two factors: firstly, a structural shift toward sectors which traditionally employ significant numbers of temporary workers; and secondly, the influence of changing employer strategies toward more flexible manning. In terms of jobs, the present recovery has, until recently, been dominated by growth in full-time, fixed contract temporary jobs, driven in part by changes in working practices in parts of the public sector'.[2]

Casey (1988), although basing analysis only over the period 1983 to 1986, concluded that when removing temporary workers on government special employment measures, temporary employment had remained roughly constant.[3] Unlike Meager (1985), Casey suggests that changing manpower strategies have no significant explanatory power when considering trends in temporary working.[4] Wood and Smith (1989) conclude from the *Employers' Labour Use Strategies* (ELUS) of 1987, that temporary employment expanded during the period 1983 to 1987[5], a finding at variance with LFS evidence. This conclusion is supported by McGregor and Sproull (1991) in their analysis of ELUS. However, they express reservations about the manner in which retrospective figures for 1983 are calculated.[6]

Finally, the analysis of WIRS3 carried out by Milward *et al.* (1992), compared the position of non-standard working in 1984 with the situation in 1990. In terms of workers on short or fixed-term contracts of twelve or less months duration, little difference emerged in the proportion of establishments employing such labour over the period in question. Only in the public sector did there appear to be a shift toward temporary working.

On balance, surveys of employer behaviour indicate a rise in the incidence of temporary employment. The WIRS studies are an exception to this, where evidence suggests that temporary work is related to economic activity and that, in the long run, the proportion of employees on temporary contracts has remained steady. Evidence from the LFS also shows little change in levels of temporary employment, until recently (see Figure 2:1).

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1 Pollert (1988), page 287.

2 Brinkley (1995), page 2.

3 Casey (1988), page 145.

4 Casey (1988), page 146.

5 Procter *et al.* (1994), page 228.

6 McGregor and Sproull, (1991) page 21.

2.3 The extent of temporary working: IES survey evidence

Results from the survey indicated that the use of temporary workers was widespread. Of the 979 establishments responding to the survey, over half (57.6 per cent) currently employed temporary workers. Amongst those establishments that did not employ temporary workers at the time of the survey, a further two fifths (39.2 per cent) had employed temporaries in the past.

There was also a significant difference in the extent to which temporary workers were used when size of employer was taken into consideration. Smaller employers, those with between 25 and 50 employees, were the least likely to employ temporary workers currently (61 per cent) and also far less likely to have ever used them (64.7 per cent). In contrast, at least 70 per cent of all other employers were currently using temporary workers (the figure rises to 93.7 per cent amongst employers of 500 or more people). These results are summarised in Table 2:2.

2.3.1 The scale of temporary working

On the whole, the scale of temporary working is small. As Table 2:3 shows, over a third of organisations in the survey (36.9 per cent) have fewer than five per cent of their employees on temporary contracts. A further 21 per cent of employers have between five and ten per cent of employees on temporary contracts. In well over half the establishments surveyed, temporary workers constitute fewer than ten per cent of the workforce. Just over a fifth of employers reported that temporary workers made up more than 20 per cent of their workforce and a small minority of employers (6.7 per cent) said that temporary workers made up more than half their workforce.

This survey found that temporary workers made up 9.2 per cent of all employees: a figure somewhat higher than the LFS's 6.9 per cent. However, the IES survey did not include employers

Table 2:2 Employers' use of temporary workers, by size of organisation

Employer size	Currently using temporary workers				Have used temporary workers in the past			
	Yes		No		Yes		No	
	%	(N =)	%	(N =)	%	(N =)	%	(N =)
25-49 employees	39.0	(200)	61.0	(313)	35.3	(109)	64.7	(200)
50-249 employees	70.7	(172)	29.3	(71)	46.7	(33)	53.3	(38)
250-499 employees	87.0	(162)	13.0	(24)	64.6	(16)	35.4	(9)
Over 500 employees	93.7	(22)	–	(–)	–	(–)	–	(–)
*Total**	*57.6*	*(556)*	*42.4*	*(410)*	*39.2*	*(159)*	*60.8*	*(247)*

Note: Missing from 'currently using temporary workers' (N = 13)

Source: IES survey, 1995

Table 2:3 Temporary workers as a proportion of the total workforce

	% of workforce on temporary contracts					
	Less than 5%	5-10%	10-20%	20-50%	More than 50%	Total
% of organisations	36.9	21.4	20.9	14.1	6.7	100
No. of organisations	(193)	(112)	(109)	(74)	(35)	(523)

Source: IES survey, 1995

with fewer than 25 employees, and as has been noted above, smaller employers are less likely to use temporary labour.

2.3.2 The location of temporary workers

When analysed by the standard industrial classification, differences become apparent in both the extent and scale of temporary working across industrial sectors (see Table 2:4). Energy and water supply, and metal and mineral extraction were the two sectors most likely currently to employ temporary workers. Engineering and construction were the two sectors least likely currently to employ temporary workers, although half the employers in these two sectors indicated that they used temporary workers at the time of the survey.

Of those organisations not currently employing temporary workers, the proportion of employers across industrial sectors who had used temporary workers in the past was largely consistent (see Table 2:4). The only exception was the construction sector. Here, 64.9 per cent of construction sector organisations that do not currently employ temporaries have used them in the past. Amongst other sectors, about a third of all employers had used temporary workers in the past, even if they do not currently employ any. However, this figure was lower amongst business service organisations (28.1 per cent) and slightly higher among other services (42.3 per cent).

The proportion of temporaries in the overall workforce varies by sector (as can be seen by the far right hand columns in Table 2:4). The highest proportion of temporaries is found in the distribution and hotel sector (9.8 per cent) and other services (12 per cent). Metal and mineral extraction had the lowest proportion of temporary workers (4.4 per cent) followed by other manufacturing (6.1 per cent). It should be noted that the high proportion of temporary workers in distribution and hotels may well reflect a seasonal influence as the survey was conducted during July, August and September 1995.

It is interesting to note that employers in the metal and mineral extraction sector are among the most likely currently to employ temporaries, yet temporary workers represent a very small proportion of the overall workforce. Using the core-periphery analogy, this would suggest that the use of temporary (peripheral) workers is widespread throughout the sector.

Table 2:4 Scale and extent of temporary working, by industrial sector

Industrial sector	Currently use temporary workers				None currently, but have used temporary workers				Temporaries as a % of all employees	
	Yes		No		Yes		No			
	%	(N =)	%	(N =)	%	(N =)	%	(N =)	%	(N =)
Energy/water supply	84.6	(11)	–	(–)	–	–	–	(–)	9.5	(612)
Metal/mineral extraction	74.3	(26)	25.7	(9)	–	–	–	(–)	4.4	(277)
Engineering	49.6	(45)	50.4	(45)	37.7	(17)	62.3	(28)	6.5	(1,016)
Other manufacturing	64.1	(60)	35.9	(34)	36.4	(12)	63.6	(21)	6.1	(1,071)
Construction	50.8	(19)	49.2	(18)	64.9	(12)	35.1	(6)	6.5	(268)
Distribution/hotels	56.0	(115)	44.0	(90)	35.7	(32)	64.3	(58)	9.8	(2,312)
Transport/comms	54.2	(30)	45.8	(26)	38.5	(10)	61.5	(16)	9.3	(762)
Business services	59.3	(57)	40.7	(39)	28.1	(11)	71.9	(28)	7.1	(997)
Other services	56.8	(194)	43.2	(147)	41.3	(61)	58.7	(86)	12.0	(6,379)

Source: IES survey, 1995

However, they are employed on a very small scale. In other words, it is common to find a small number of peripheral workers in the majority of organisations in this sector. This would suggest that they represent a thin layer of peripheral workers throughout the sector.

In the construction sector, just over half the employers surveyed currently used temporary workers. However, of those who had no temporary workers at the time of the survey, nearly two thirds (64.9 per cent) had used temporaries in the past. This is strikingly different from patterns of temporary work in the other industrial sectors. It may well represent an industry with a traditionally high proportion of temporary workers, cutting back heavily at the present time due to the recession in the building industry.

Finally, both the distribution and hotel sector, and the transport and communications sector, have relatively high proportions of temporary workers (9.8 and 9.3 per cent respectively). However, the numbers of employers currently using temporary workers are not that high (56 and 54.2 per cent), nor are the proportions who have used temporaries in the past (35.7 and 38.5 per cent). In other words, the pattern in these sectors appears to be for around half the employers to use a high proportion of temporary workers. This would suggest that they are employed to carry out specific tasks, or to fulfil certain functions within those sectors. Again, turning to the core-periphery analogy, it would suggest a high number (or a thick layer) or peripheral workers within certain functions in the sector.

The energy and water supply sector would appear to have a relatively large numbers of peripheral workers throughout the

industry, given the high proportion of workers on temporary contracts (9.5 per cent) and the high proportion of employers using temporary workers (84.6 per cent).

The rationale for the use of temporary workers is explored in more detail in the next chapter. This chapter now goes on to look at the organisational characteristics associated with the use of temporary workers.

2.4 Organisational characteristics and temporary working

As noted above (at Section 2.3) smaller employers (*ie* those with fewer than 50 employees) were the least likely currently to be using temporary workers or to have used them in the past. They also have the lowest proportion of temporary workers, at 7.5 per cent compared to the overall figure of 9.2 per cent. Highest proportions of temporary workers were found in organisations of between 50 and 250 employees, where ten per cent of the workforce were temporary workers. Organisations of between 250 and 500 employees also had slightly higher than average proportions of temporary workers (9.7 per cent). In organisations of over 500 employees, 8.2 per cent of the workforce was made up of temporary employees.

Organisations were asked about the predictability of business volumes over the last three years (Table 2.5). Not surprisingly, those who reported very predictable business volumes over the last three years were far less likely to be using temporary workers at the time of the survey (37.9 per cent compared to 57.6 per cent overall). As would be expected, employers whose business volumes over the last three years have been only moderately predictable, or moderately unpredictable, are far more likely to employ temporary workers.

In addition, the proportion of the workforce made up by temporary workers is far greater in organisations where business volumes have been moderately unpredictable (11.1 per cent). What is less easy to explain is why the use of temporary workers is relatively low amongst employers who have experienced very

Table 2:5 Use of temporary workers, by changes in business volumes

State of business volumes over the last three years	% of organisations using temporary workers		Proportion of temporary workers in the workforce	
	%	(N =)	%	(N =)
Very predictable	37.9	(25)	6.8	(889)
Moderately predictable	60.1	(332)	8.9	(7,811)
Moderately unpredictable	57.5	(134)	11.1	(3,533)
Very unpredictable	50.4	(38)	7.9	(684)
Total	*57.1*	*(529)*	*9.2*	*(12,917)*

Source: IES survey, 1995

unpredictable business volumes over the last three years. It might be explained to some extent by the fact that peaks and troughs in demand experienced by organisations cancel each other out *ie* that some organisations with very unpredictable demand will currently have high demand and a high proportion of temporaries, whereas those with low demand at present will have a low proportion of temporaries. It is also likely that there are reasons other than demand or business volumes which determine the use of temporary workers. Such alternative rationales are explored in the next chapter.

2.5 Changes in temporary working: the employment agencies' perspective

As part of the research, in-depth interviews were conducted with a number of employment agencies. These interviews focused on changes in the supply of temporary workers over the last few years, and covered such areas as market trends and determinants of business volumes for the agencies, as well as looking at employers' requirements and changing criteria.

The agencies taking part in the interviews were all generalist staff agencies. Business within each agency was organised into divisions covering a range of areas. In the majority of agencies interviewed, the main areas of business were commercial (clerical assistants and secretaries) and light industrial (semi-skilled manual work). Other sectors included nursing and healthcare, locum teachers, accountancy and computing. Several of the agencies indicated that they were developing new sectors of business due to the growth in demand.

2.5.1 Changes in the extent of temporary working

All agencies interviewed were unanimous in their view that the main trends over the last few years have been a severe reduction in the volume of permanent placements, offset by an increase in business in the temporary sector. This had held true for all divisions. Agency representatives put it like this:

> *'With recent trends, we saw a drop of a third in permanent placements and at the same time an increase of a third in temporary placements.'*
>
> *'In the two previous recessions since the '60s, the permanent volumes have dropped and never returned to their former levels. Permanent placements are now 50 per cent of the 1989 figure.'*
>
> *'We saw a 28 per cent growth in business last year and anticipate a 14 per cent growth this year.'*
>
> *'In terms of staffing volumes over the last three years, we are currently seeing a massive increase. Temporary placements are currently running ten to 15 per cent ahead of their 1990 peak by*

volume (which had been the best time since the war). There has been a massive increase in temporary working since 1992 and at the moment, demand is steady and growing slightly.'

2.5.2 The scale of temporary working

In addition to experiencing huge increases in the extent of temporary working across all sectors, agencies were also seeing distinct changes in the scale to which employers used temporary labour. A common theme re-emerging throughout interviews was the way in which employers' needs have changed.

'Employers' criteria didn't exist until recently, they just left it to the secretary to order the temp. Now their list of criteria is growing and growing and they are adding to it all the time.'

'Trends in work organisation have changed the nature of temporary employment; when I started in this business, temps were for sickness cover, the odd day here and there.'

Often, these changes in the scale to which temporary workers are used were seen in the traditional context of the flexible firm, as the following comments show:

'Employers tend to protect their core labour force and keep up their production with temporaries.'

'Now organisations have a hard core of multi-skilled, flexible permanent staff and a hard core of essential temporaries which they supplement with casual labour. The latter category is always the first to go, then they might chip away at the essential temporary labour force, protecting the core.'

This change in employers' demand for temporary labour has impacted on the agency business in a big way. Business is split into wholesale and retail services. The retail service is the more traditional end of the business. It tends to focus on smaller employers at a local level. The business is not necessarily one off, the agency might well have an ongoing relationship with the employer, but the service is essentially to supply cover, *eg* for sick leave, holiday periods and maternity leave. In contrast, the wholesale service is concentrated on large operators, at a national or local level, who require high volumes of temporary staff. The agency provides a managed service to these employers, enabling them to turn production on and off. The wholesale side of the service is starting to account for more and more of the business in temporary placements, and in some agencies, accounts for 50 per cent or more of the business.

2.6 Changes in temporary working: the employers' perspective

Almost all the organisations interviewed as part of this research agreed that it was normal to operate with a certain number of temps for the obvious reasons (*eg* maternity leave, holiday cover

etc.). However, many organisations described changes in the scale and extent to which they used temporary employees far beyond the traditional reasons. These organisations came from a wide range of industrial sectors and indicated an increase in the scale and extent of temporary working across the board.

Several organisations interviewed, particularly some of those in the financial services sector, described massive changes in their use of temporary workers as they introduced more telephone based services to their clients. (The introduction of telesales in financial services has meant that a national telephone service can be based in one location with a core permanent staff to meet minimum demand and a large fully trained temporary staff to be called in at short notice to meet highs and lows in demand.)

Almost all interviewees acknowledged that it was becoming more and more common to find atypical contracts in place at fairly senior and specialised areas within organisations. This was particularly true of hi-tech areas where freelancers and independent consultants were the norm.

Other employers were developing or using specific strategies for recruiting from certain sectors of the labour market on renewable fixed-term contracts. In other areas, evidence of temporary working emerged in the form of term-time contracts and holiday contracts.

All in all, interviews with employers provided an insight into a labour market where temporary working is increasing across all sectors, but importantly, the scale of temporary working varies a great deal depending on the rationale for using temporary labour.

The next chapter goes on to look in detail at employers' rationale for using temporary workers.

3. Rationale for Temporary Working

3.1 Employers and temporary workers: evidence from the literature

This chapter is more qualitative in nature. Concentrating on a number of issues of concern to employers, it seeks to provide evidence on the rationales behind trends in temporary working as well as examining the role of employment agencies and the process by which employers select temporary staff. Section 3.1 will provide evidence from the literature and Sections 3.2 to 3.4 will examine the evidence from the IES survey. Sections 3.5 to 3.7 deal with evidence from employer and employment agency interviews.

3.1.1 Why do employers use temporary labour?

Casey (1988), basing his analysis on case study evidence carried out in the leisure, catering and manufacturing sectors, found that seasonal factors were significant in leisure, catering and tourism as reasons for the employment of temps. The demand in these categories was essentially for casual workers. Demand was greatest for agency workers in tighter sections of the labour market. As the latter are paid at the market clearing wages, agency workers are used in situations where internal pay structures would not allow sufficient flexibility. This could lead, in certain conditions, to the filling of permanent positions with temporary staff.

This subject was also the focus of the qualitative component of the 1987 ELUS survey. Detailed analysis of this survey has been carried out by a number of commentators: Hunter *et al.* (1993), IRS (1990a), McGregor and Sproull (1991), Hunter and MacInnes (1991) and Wood and Smith (1989) among others.

Broad rationales for the employment of temporary labour are given by those analysing ELUS. They are as follows:

- traditional, based on short-term fluctuation in demand for final output, for example
- supply-side, reflecting the preference of labour for more flexible employment
- new, generally relating to the quest for numerical flexibility within the context of flexibility generally and a core/

periphery strategy associated with uncertainty in product markets.[1]

The above can broadly be grouped into traditional and new rationales; the last being those associated with the theory of the flexible firm and the core-periphery strategy.

Hunter *et al.* (1993) noted a problem with employers' conception of strategy. It is suggested that newer strategies may often be described in terms of older rationales. This apart, traditional rationales were cited by 78 per cent of employers when asked to explain the thinking behind the existing number of temporary workers.[2] Newer rationales were more common among organisations in the public sector and distribution industries.[3] Generally, new rationales were unimportant in the employment of agency workers except in heavier manufacturing industries.[4]

Hunter and McInnes (1991) found constant reference to competitive pressure in their case study analysis, indeed 'there can be no doubt that this gave rise to a pursuit of various forms of flexibility in manpower utilisation'.[5] It is clear to the authors, however, that such concerns are exercised in a pragmatic and non-strategic manner. Pressures in the form of new technology, uncertainty and competition do not always move thinking on labour utilisation in the same direction.

The FLUS survey considered establishments where there had been an increase in the use of peripheral labour separately. As far as temporary working is concerned, newer rationales were more prominent in explaining increases. Indeed, 31 per cent of establishments put an increase in temporary labour down to a deliberate strategy. This was less often the case when looking at increases in agency workers.[6] Technological changes were cited most often as a motivating factor behind increases in peripheral labour. A desire to undermine the power of unions was not mentioned directly at all.

On the face of it, it may appear that newer flexible firm type rationales are significant in explaining new approaches to the utilisation of temporary labour. However, Hunter *et al.* (1993) contend that employers hold stereotypical views of the quality, characteristics and gender composition of various types of labour, and it is these, in practice, that form the basis of strategy

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1 See Hunter *et al.* (1993), page 389.

2 *Ibid.* page 390.

3 McGregor and Sproull (1991), Table 3.6 page 32.

4 *Ibid.* (1991), Table 3.7 page 33.

5 Hunter and McInnes (1991), page 52.

6 Hunter *et al.* (1993), Table 4 page 393.

and recruitment decisions. In higher level occupations, specialist, highly qualified labour was seen to demand fixed term contracts and employers felt constrained by these demands (Hunter *et al.*, 1993).

At the time of ELUS study, traditional reasons for employing temporary labour appear to dominate. Even so, a significant number of employers seem to have strategies with regard to the deployment of human resources, even if they appeared with closer scrutiny to rely heavily on traditional views of labour and less on cost and legal implications (Hakim, 1990). There must be doubt as to whether employers clearly understood what constituted a new rationale.

Finally, the most recent research into temporary working cited only traditional employer rationales (IDS, 1995a), namely: providing cover for absent staff; coping with seasonal and general fluctuations in demand; and to complete specific tasks or projects. The paper concludes in stating:

> *'While the number of temporary employees has increased, there is no evidence to suggest that companies . . . are using temporaries in any radically different way.'*[1]

Generally, doubts must remain as to whether employers have clearly-defined labour use strategies. It would appear that decisions regarding temporary labour are made in a pragmatic manner, in response to short-term constraints.

3.1.2 How do employers use temporary labour?

This question is partly covered by Chapter 4 in considering the occupational, and full- and part-time distribution, of temporary labour. As we shall see, temporary work can be broadly characterised as consisting of two distinct types: the highly skilled, high level, freelance, predominantly male contract worker and the low skilled, manual, part-time, predominantly female casual worker.

In order to flesh out evidence on the distribution of temporary workers by occupation, evidence from employer based case studies, looking at key occupations identified by Hunter and McInnes (1991)[2], are explored. They are: professional, technical and craft; unskilled female manual work such as packing, shop work, cleaning and catering; female secretarial and clerical staff; and medical and university academic staff.

Employers generally preferred to engage professional and technically skilled workers directly as employees in terms of both

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[1] IDS (1995), page 1.

[2] See Hunter and McInnes (1991), pages 43-49.

commitment and relative cost. Labour within these occupational groups were broadly considered to be in short supply and to prefer loser contractual ties with employers, allowing labour to dictate conditions. Staff in these occupations are commonly well paid and turnover rates are high. As such, temporaries are used either to 'plug the gaps' or to provide specialist skills or knowledge. Generally supply-side factors in this area of the labour market caused employers considerable difficulty.

As far as packing and shop work is concerned, learning curves are short and, as such, new temporary labour can be engaged with a minimum of disruption. It is in these occupations that a considerable overlap between part-time and temporary work exists. In terms of shop work, matching labour supply with peaks in demand is seen as a key factor. For more skilled employment with manufacturing companies, temporary workers were seen as less desirable than permanent staff. Permanent staff need less training, supervision and were generally more committed.

Secretarial and clerical staff were used for short-term cover for absent staff or to deal with heavy workloads. Their skills are generally easily transferable, although a lack of commitment and familiarisation with the organisation were seen as problems. Agency temps were used for short periods with directly employed temporary staff used over longer periods. Again, a significant overlap with part-time employment existed.

In terms of medical staff, the use of temporary contracts appears to be entirely based on traditional rationales. Junior medical workers are expected to take short-term fixed contract work in order to gain experience. The position in higher education is less clear cut. Traditionally, research staff within universities were employed on fixed-term contracts due to the limited duration of project funding. In recent years, uncertainty with regard to core funding has seen temporary arrangements extended to a high proportion of academic staff. It may be possible that whereas staff could expect a permanent position after one or two temporary appointments, permanent positions are becoming increasingly scarce.

Broadly, the use of temporary labour seems to depend on the type of work and the tightness of the particular segment of the labour market concerned. Where the labour market is slack, and tasks routine, casualisation is common. Where labour market conditions are tight and skill levels high, contract work with high levels of pay is more prevalent.

3.2 Main reasons for using temporary workers: survey evidence

As the previous chapter demonstrated, temporary workers are being taken on in a number of different ways and at different levels in organisations to fill a wide range of functions. It is

therefore not unreasonable to assume that the rationales for employing temporary workers are equally varied, both in different sectors and at different levels within organisations. This section of the report looks at the reasons that were identified through the questionnaire for using temporary workers.

3.2.1 Primary reasons for using temporary workers: survey evidence

Common rationale for the use of temporary workers were identified through the literature and a checklist was compiled. Employers were then asked to indicate against the checklist all the reasons that applied to their use of temporary workers and to rank the three most important reasons.

Table 3:1 shows all the reasons that apply to employers' use of temporary workers in the left hand column. Employers' rankings of the most important reasons for using temporary workers are shown in the three right hand columns.

By far the majority of employers (67.6 per cent) identified two main reasons for their use of temporary workers. The largest single group of employers (39.9 per cent) indicated that 'matching staffing levels to peaks in demand' was the most important reason for their organisation using temporary staff. A further 27.7 per cent of employers identified 'short-term cover whilst staff are away on holiday or sick leave' as their main reason for using temporary staff. As can be seen in Table 3:1,

Table 3:1 Reasons for using temporary workers

			Most Important Reasons					
	Overall Use		Ranked 1		Ranked 2		Ranked 3	
Reason	%	(N =)	%	(N =)	%	(N =)	%	(N =)
Cover maternity leave	37.8	(269)	8.0	(53)	14.0	(84)	17.0	(79)
Cover holidays/sick leave	59.4	(423)	27.7	(184)	22.4	(134)	15.9	(74)
Match peaks in demand	63.3	(451)	39.9	(265)	20.8	(125)	10.8	(51)
Perform one-off tasks	39.0	(278)	6.0	(40)	16.8	(101)	14.7	(69)
Specialist skills	20.5	(147)	4.4	(29)	7.3	(44)	10.3	(48)
Trial for permanent work	20.2	(144)	2.6	(17)	6.7	(40)	11.5	(54)
Non-unionised	0.9	(6)	–	–	–	–	1.3	(6)
Reduce wage costs	5.5	(39)	1.6	(11)	2.3	(13)	2.1	(10)
Reduce training costs	–	–	2.5	(17)	–	–	–	–
Temps easier to recruit	5.3	(37)	0.7	(5)	1.1	(6)	4.1	(19)
Cover staff changes	25.2	(180)	4.1	(27)	7.4	(44)	10.4	(48)
Other	7.9	(56)	1.9	(12)	–	–	1.3	(6)
Totals	*99.9*	*(713)*	*99.4*	*(660)*	*98.7*	*591*	*99.4*	*464*

Source: IES survey, 1995

these two reasons accounted for over two thirds of employers' primary motives for using temporary staff. Amongst the second and third ranked reasons for using temporary staff, other factors emerge as important. In particular, over ten per cent of employers identified the following reasons: 'cover for maternity leave'; 'to deal with one-off tasks'; 'to provide specialist skills'; and 'as a trial for a permanent job'. This indicates that after peaks in demand and holiday or sick leave had been covered, there was a range of other reasons for taking on temporary workers.

Very few employers cited reduced wage or training costs as reasons for taking temporary workers on, nor did the ease of recruiting temporaries influence the decision to employ them to any great extent. Fewer than five per cent of employers counted these reasons amongst the three most important in relation to their use of temporary workers.

3.2.2 Sectoral differences in the use of temporary workers: survey evidence

The reasons identified above as the most important for using temporary workers were also the most frequently reported reasons when all reasons for using temporary workers were considered, regardless of industrial sector. For example, 'covering peaks in demand' was identified by between 64 and 76 per cent of employers in all sectors, with the exception of 'other services', where around half (49.7 per cent) the employers indicated it was a consideration (see Table 3:2).

Similarly, when considering all reasons, covering holiday and sick leave was cited as a reason for employing temporaries by at least 50 per cent of all employers with the exception of those in the energy and water supply sector, where only 35.7 per cent of employers employed temporary staff for this reason. This information is summarised in Table 3:2.

Other explanations for the use of temporary workers varied more by industrial sector. The main characteristics of each sector are given below; relevant figures can be found in Table 3:2.

In the energy and water supply sector, many employers gave the following two reasons for employing temporary workers: to complete one-off tasks (66.2 per cent) and to cover for maternity leave (62.1 per cent).

In the metal and mineral extraction sector, another common reason cited for using temporary workers was as a trial for a permanent job (37.4 per cent of employers gave this as one of their reasons).

Table 3:2 Reasons for using temporary workers, by industrial sector

	Energy/water supply		Metal/mineral extraction		Engineering		Other manufacturing		Construction		Distribution/ hotels		Transport/ comms		Business services		Other services	
	%	(N =)	%	(N =)	%	(N =)	%	(N =)	%	(N =)	%	(N =)	%	(N =)	%	(N =)	%	(N =)
Maternity leave	62.1	(7)	33.2	(10)	30.2	(19)	38.5	(28)	30.3	(9)	27.8	(41)	38.8	(16)	38.6	(26)	45.0	(115)
Holidays/sick leave	–	–	82.2	(25)	57.3	(35)	57.7	(42)	68.0	(20)	50.8	(74)	50.1	(20)	57.0	(39)	64.7	(165)
Peaks in demand	67.7	(7)	73.7	(22)	75.0	(46)	66.1	(48)	71.7	(21)	75.6	(11)	64.3	(26)	64.3	(44)	49.7	(126)
One-off tasks	66.2	(7)	28.2	(9)	53.0	(33)	45.8	(33)	48.4	(14)	21.8	(32)	35.9	(14)	53.3	(36)	39.3	(100)
Specialised tasks	–	–	–	–	30.6	(19)	25.7	(19)	23.6	(7)	8.5	(12)	19.7	(8)	29.7	(20)	22.0	(56)
Trial – permanent job	–	–	37.4	(11)	31.5	(19)	30.9	(22)	16.3	(5)	21.4	(31)	14.4	(6)	25.2	(17)	11.9	(30)
No union cover	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Low wage rates	–	–	–	–	–	–	–	–	–	–	7.4	(11)	–	–	10.1	(7)	4.0	(10)
Reduce training costs	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Easy to recruit	–	–	–	–	12.9	(8)	–	–	–	–	6.5	(9)	–	–	–	–	3.3	(8)
Cover staff changes	–	–	–	–	26.1	(16)	14.0	(10)	–	–	22.8	(33)	30.4	(12)	37.8	(26)	28.1	(72)
Other	–	–	–	–	–	–	–	–	–	–	10.6	(15)	–	–	9.5	(6)	9.6	(24)
Total	*100*	*(11)*	*100*	*(30)*	*100*	*(62)*	*100*	*(73)*	*100*	*(29)*	*100*	*(146)*	*100*	*(40)*	*100*	*(68)*	*100*	*(254)*

Source: IES survey, 1995

A high proportion of employers in the engineering sector use temporary workers for one-off tasks (53 per cent) and as a trial for permanent work (31.5 per cent). A relatively high proportion of those in 'other manufacturing' also used temporary workers as a trial for permanent jobs (30.9 per cent).

In the construction sector, nearly half of the employers (48.4 per cent) indicated that they used temporary workers for one-off tasks. This was also true of the business services sector where 53.3 per cent of employers gave this reason.

In the other three sectors — distribution and hotels, transport and communications and other services, no particular reasons for using temporary workers emerged, other than covering holiday and sick leave and peaks in demand, as described above.

3.2.3 Employer size and use of temporary workers: survey evidence

Generally, the number of reasons given for using temporary workers increased with the size of organisation. This is to be expected as the larger the organisation, the more likely it is to have experience of each instance of justifying the employment of a temporary worker.

3.2.4 Use of temporary workers, by proportion of workforce: survey evidence

It was felt that employers' rationale for using temporary workers might well vary depending on the proportion of temporaries in the workforce. To see if employers did use temporaries in different ways, the percentage of temporary employees was calculated for each organisation and they were then grouped into the following five bands: under five per cent of temporaries, five to ten per cent temporary staff; ten to 20 per cent, 20 to 50 per cent; and over 50 per cent. Responses on the checklist of rationale for temporary workers was then cross-examined by the percentage of temporaries in the workforce to identify any differences in rationale.

Covering holiday or sick leave, and matching peaks in demand, remained the most important reasons overall when analysed by the proportion of temporary workers in the workforce. However, there were differences in which was the more important reason, depending on the proportion of permanent and temporary staff in the workforce. Those employers with a very high proportion of temporary workers were far more likely to indicate that this was due to the need to meet peaks in demand. Conversely, employers with a relatively low proportion of temporary workers were far more likely than others to report using temporaries to cover holidays and sick leave. This is shown in Table 3:3.

Table 3:3 Reasons for use of temporary workers, by proportion of temporary workers employed

	Proportion of temps in the workforce									
	Under 5%		5-10%		10-20%		20-50%		50%+	
Reason	%	(N =)	%	(N =)	%	(N =)	%	(N =)	%	(N =)
Cover maternity leave	42.0	(81)	34.5	(39)	45.3	(49)	27.1	(20)	18.2	(7)
Cover holidays/sickness	66.3	(128)	62.4	(70)	64.0	(70)	45.7	(34)	24.7	(9)
Cover peak demand	58.0	(112)	66.1	(74)	74.9	(82)	83.0	(61)	78.3	(29)
For one-off tasks	42.1	(81)	36.7	(41)	41.2	(45)	39.6	(29)	28.6	(11)
For specialist task	19.2	(37)	23.7	(27)	24.8	(27)	17.3	(13)	38.6	14)
Trial for permanent job	20.8	(40)	22.5	(25)	22.5	(25)	20.2	(15)	–	(–)
No union cover	–	(–)	–	(–)	–	(–)	–	(–)	–	(–)
Low wage rates	2.6	(5)	3.3	(4)	9.5	(10)	14.6	(11)	12.9	(5)
Low training costs	–	(–)	–	(–)	–	(–)	–	(–)	–	(–)
Temps easy to recruit	4.1	(8)	8.1	(9)	–	(–)	17.0	(13)	–	(–)
Cover change in staff	27.3	(53)	26.3	(29)	29.0	(32)	30.4	(22)	14.0	(5)
Other reasons for temp	7.6	(15)	4.9	(5)	6.7	(7)	16.4	(12)	16.8	(6)
Total	*100*	*(193)*	*100*	*(112)*	*100*	*(109)*	*100*	*(74)*	*100*	*(37)*

Source: IES survey, 1995

In addition to the two main reasons for using temporary workers described above, several other reasons varied by the proportion of temporaries in the workforce. These are discussed below.

A fifth or more of all employers used temporary jobs as trials for permanent ones, with the exception of organisations where over half the workforce was temporary. Those with over ten per cent of the workforce on temporary contracts were more likely to cite low wage rates as a reason for employing temporaries, although at most only 15 per cent of employers agreed with this, as shown in Table 3:3. The other reason which varied considerably by an organisation's proportion of temporary workers was maternity leave. It was far more common for employers with lower proportions of temporary workers to take on temporaries to cover for maternity leave.

3.2.5 The disadvantages of a temporary workforce: survey evidence

Employers who currently employ temporary workers, or who have used them in the past, were asked to indicate what they saw as the main disadvantages of using temporary workers. Their responses are presented in Table 3:4.

The main disadvantage, perceived by half (50.7 per cent) the employers responding to this question, was that temporary

Table 3:4 The disadvantages of a temporary workforce

	No. of employers citing each disadvantage	
	%	(N =)
Temps less productive	21.0	(152)
Temps hard to recruit	14.8	(107)
Temps need training	48.4	(352)
Union opposition	2.8	(21)
Temps less reliable	50.7	(368)
Other disadvantages	18.1	(132)

Source: IES survey, 1995

workers are seen as less reliable than permanent employees. This was closely followed by the view that temporary workers need training (48.4 per cent of employers saw this as a disadvantage).

Just over a fifth (21 per cent) of employers considered temporary workers to be less productive than their permanent counterparts and 15 per cent found it hard to recruit temporary employees. Only three per cent of employers responding to this question saw union opposition to temporary working as a disadvantage. Fifteen per cent of employers indicated that high turnover was a problem with temporary workers, eleven per cent indicated that they had lower standards and nine per cent that they add extra pressure. However, 17 per cent of employers also pointed out that they had not experienced any problems with using temporary labour.

3.2.6 Disadvantages by employer size: survey evidence

Employers were broken up into four size categories to see if perceptions about temporary workers were related to employer size. The categories used were: under 50 employees, 50 to 249 employees, 250 to 499 employees and 500 or more employees.

Overall, roughly half the employers questioned, regardless of size, saw the training needs of temporary workers as a disadvantage to their employment (see Figure 3:1). Between 12 and 16 per cent of employers in each category perceived temporary workers as being hard to recruit.

Other attitudes to temporary employees varied only slightly as a function of employer size. There was some slight variation on perceptions of reliability, with two fifths of large employers (500 plus) rating temporary workers as less reliable, compared to just over half the employers in each other category. Just over a fifth of small and small to medium sized employers thought temporary workers were less productive. This figure was lower amongst medium and large employers (see Figure 3:1).

Figure 3:1 Disadvantages in using temporary workers, by size of organisation

Source: IES survey, 1995

3.2.7 Disadvantages by industrial sector: survey evidence

Employers' perceptions of the disadvantages of temporary workers did show some variation by industrial sector.

Temporary workers in the engineering and other manufacturing sectors were far more likely to be rated as less productive than were temporary workers in other sectors. In energy and water supply, low productivity was not a problem associated with temporary workers by any employers.

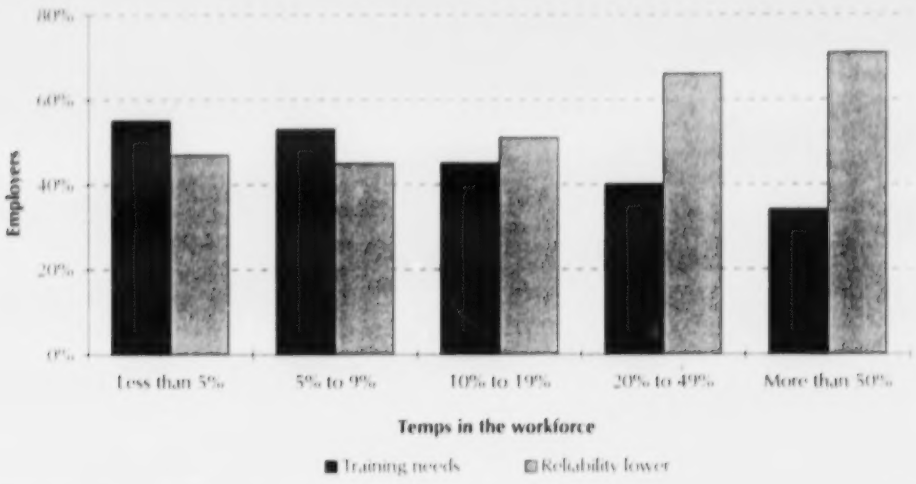
The number of employers indicating that temps were hard to recruit was far lower in energy and water supply, engineering, and transport and communications than for the other sectors.

The need for training was seen as a disadvantage by 80 per cent of the employers in the metal and mineral extraction industry. It was much less of a negative aspect for employers in the other manufacturing sector (39.9 per cent).

Union opposition to temporary workers was rated as a disadvantage by less than five per cent of employers across the industrial sectors, with the exception of the transport and communications sector, where 12 per cent of employers saw it as a disadvantage.

Reliability was more of a concern to employers in virtually all sectors, with the exception of metal and mineral extraction and other services. Generally, between 50 and 66 per cent of employers cited lower reliability as a disadvantage of temporary workers. In the other services sector, 43 per cent of employers felt this way, but in the metal and mineral extraction sector, only

Figure 3:2 Disadvantage of using temporary labour, by density of temps in the workforce



Source: IES survey, 1995

16 per cent of employers were troubled by the thought of temporaries being less reliable.

3.2.8 Proportion of temps in the workplace: survey evidence

Some of the disadvantages that employers associated with using temporary workers also varied with the proportion of non-permanent staff they employed. Employers' views differed on the reliability of temporary workers and the extent to which they require training. The fewer temporary employees there were in the workforce, the more likely an employer was to cite training needs as a disadvantage of employing temporaries. On the other hand, when reliability is considered, employers were more likely to rate temporary employees as less reliable when they had a larger proportion of temporary employees in the workforce (see Figure 3:2).

There was very little variation in employers' views on productivity, ease of recruitment and union opposition when the density of temporary workers in the organisation was taken into account.

3.3 The effects of market position and stability on the employment of temporary workers

Organisations were asked a series of questions about demand for their products/services over the last three years and the predictability of that demand. The data on demand and predictability for each organisation was then analysed by the proportion of temporary workers in the workforce to identify any relation between the scale of temporary working and the organisation's market position and stability.

3.3.1 Market position and temporary working: survey evidence

The proportion of temporary employees in the workforce was found to differ significantly in relation to the organisation's market position over the previous three years. Organisations with fewer than 20 per cent temporary employees were far more likely to report increased demand over the last three years (at least 60 per cent said demand had increased). In organisations with between 20 and 50 per cent of temporary workers, half (50.4 per cent) reported increased demand, and where temporary workers accounted for more than 50 per cent of the workforce, only 26 per cent of employers reported an increase in demand over the preceding three years (see Table 3:5).

Higher proportions of temporary workers are found in organisations where demand has stayed the same or decreased. In other words, this appears to be a structural effect. It would suggest that employers prefer to recruit permanent staff when demand is increasing. However, where demand has stayed the same or decreased, employers are more likely to report using temporary labour and temporary employees make up a larger proportion of the workforce. This is most marked in organisations where over 50 per cent of the workforce is temporary. Here, over two thirds of the employers reported either decreased (29 per cent) or the same (39 per cent) levels of demand.

Given that temporaries make up 9.2 per cent of the overall workforce, it is interesting to see that even where the proportion of temporaries accounts for between ten and 20 per cent of the workforce, these organisations are, on the whole, reporting a strong market position, with increased demand over the last three years.

3.3.2 Stability and temporary working: survey evidence

Market place stability was also found to be significantly related to the proportion of temporary workers in the workforce, with a higher proportion of temporary workers found in those

Table 3:5 Demand in relation to the proportion of temps in the workforce

	Proportion of temps in the workforce									
	Under 5%		5-10%		10-20%		20-50%		50%+	
Demand	%	(N =)	%	(N =)	%	(N =)	%	(N =)	%	(N =)
Increased	60.7	(110)	65.2	(71)	60.0	(65)	50.4	(37)	26.5	(10)
Same	21.9	(40)	17.6	(19)	21.9	(24)	27.0	(20)	38.9	(14)
Decreased	15.2	(28)	15.1	(17)	10.6	(11)	21.3	(16)	29.2	(11)
Don't know	2.2	(4)	2.1	(2)	7.5	(8)	1.3	(1)	5.5	(2)

Source: IES survey, 1995

Table 3:6 Business stability and the proportion of temps in the workforce

	Proportion of temps in the workforce									
	Under 5%		5-10%		10-20%		20-50%		50%+	
Demand over last 3 years	%	(N =)	%	(N =)	%	(N =)	%	(N =)	%	(N =)
Very predictable	4.8	(9)	2.5	(3)	4.0	(4)	4.2	(3)	5.5	(2)
Moderately predictable	64.7	(117)	72.7	(78)	59.9	(65)	58.8	(43)	49.0	(18)
Moderately unpredictable	26.4	(48)	18.4	(20)	26.7	(29)	30.9	(22)	32.8	(12)
Very unpredictable	4.1	(7)	6.5	(7)	9.3	(10)	6.1	(4)	12.7	(5)

Source: IES survey, 1995

organisa-tions whose output over the last three years had been moderately predictable, or moderately unpredictable. In organisations where output had been very predictable, the proportion of temporary workers was likely to be lower (see Table 3:6). The proportion of temporary workers is relatively high in organisations where demand has been very unpredictable over the last three years. However, these account for a small proportion of employers overall and a small proportion of all temporary employees.

3.4 Changing patterns of temporary workers

Just over half the employers questioned indicated that their level of use of temporary workers had changed over the last three years. Just over a third (34.7 per cent) had seen an increase in the number of temporary workers they employed, 17 per cent reported a decrease in temporary workers and 46 per cent said that their use of temporary workers had remained at the same level over the last three years.

3.4.1 Employer size: survey evidence

The use of temporary labour over the last three years has been most stable amongst smaller employers (under 50 employees), 54 per cent of whom said that their use of temporary workers had remained the same. Only 27 per cent of small employers said that their use of temporary workers had increased, compared to 50 per cent of large employers (over 500 employees). Between 13 and 18 per cent of employers said that their use of temporary workers had decreased over the last three years, regardless of size.

3.4.2 Industrial sector: survey evidence

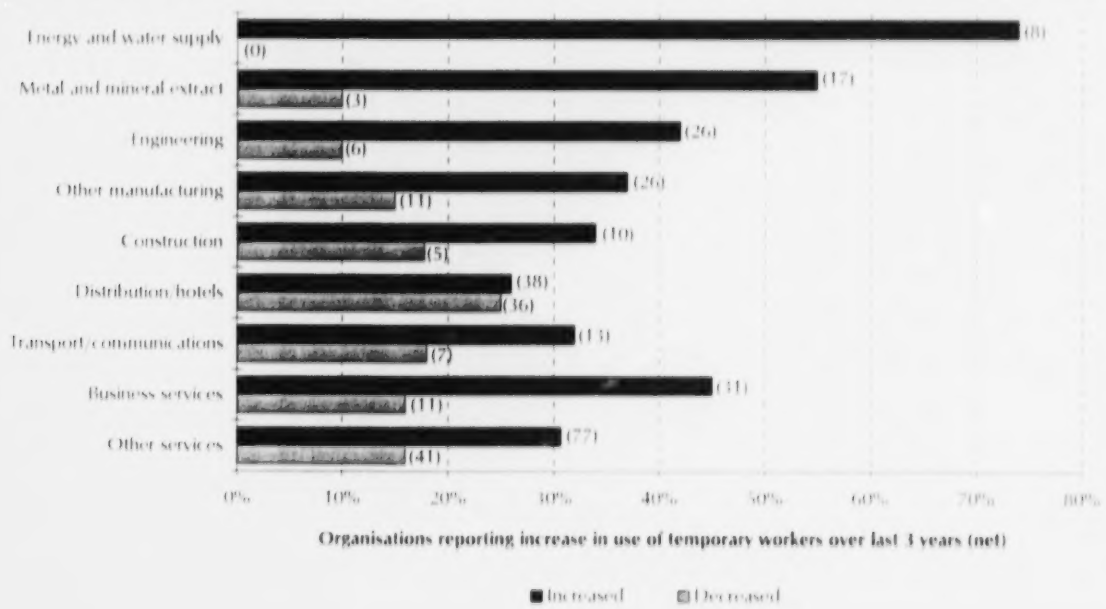
Overall, there has been a net increase in employers' use of temporary workers across all industrial sectors over the last three years, *ie* more employers in each sector report an increased use of temporary workers than decreased. (This is not necessarily the same as a net increase in the numbers of

temporary workers.) There were also clear differences across industrial sectors in patterns of temporary worker use. In the energy and water supply sector, 74 per cent of employers reported an increase in their use of temporary workers (however this accounted for only three per cent of all employers reporting such an increase). Twenty-six per cent of employers in this sector said that their use of temporary workers had stayed the same and this was the only sector where no employers reported a decrease. When asked why the use of temporary workers is increasing, a massive majority of employers in this sector said it was for the ease of adjusting to reduced staffing levels in the future (94 per cent). A further 50 per cent agreed that it was in part due to the fact that they would need different skills in the future.

The next largest group of employers to report increases in their use of temporary workers were those in the mineral and metal extraction sector, where 55 per cent of employers said that their use of temporary workers was up, ten per cent reported a decrease and 34 per cent reported that their use of temporary workers was unchanged. Within this sector, employers gave quite different reasons for the use of temporary workers. Fifty four per cent said it was due to uncertainty about the buoyancy of the market and forty-six per cent indicated that there was more staff absence to cover for. Only 26 per cent of employers in this sector linked their increased use of temporary workers to the ease of reducing staff in the future.

Across the other sectors, fewer than 50 per cent of employers reported an increase in their use of temporary workers. The

Figure 3:3 Changes in employer use of temporary workers, by industrial sector



Source: IES survey, 1995

smallest group of employers to report an increase in their use of temporary workers were those in the distribution and hotel sector (26 per cent). This sector also saw the largest decrease in the use of temporary workers, with 25 per cent of employers saying that their use of temporary workers had gone down over the last three years (see Figure 3:3). The main reasons given for increases in the use of temporary workers in each of the remaining sectors is discussed below.

In the engineering sector, 52 per cent of employers said that increases in temporary working were due to uncertainties about the buoyancy of the market, 40 per cent for the ease of adjusting labour levels downwards, if necessary, and 16 per cent were influenced by the fact that technological changes meant that different skills would be required in the future.

In 'other manufacturing', the majority of employers (60 per cent) put their increased use of temporaries down to the ease of reducing staff levels, 30 per cent were uncertain about the buoyancy of the market, and 29 per cent were concerned with the need for different skills in the future.

Increases in the use of temporary workers in the construction sector were almost totally to do with uncertainties about the buoyancy of the market (86 per cent) and the ease with which employers could reduce staffing levels if necessary (74 per cent).

The relatively small increases in temporary staff in 'distribution and hotels' were mainly related to uncertainties over the buoyancy of the market (62 per cent of employers gave this reason) and the ease with which employee numbers could be reduced (35 per cent).

Employers in the transport and communications sector were concerned with similar issues but here, the main priority for employers was with ease of reducing the workforce (75 per cent), followed by uncertainty about the buoyancy of the market (40 per cent). Employers in this sector were also concerned to some extent with the need for different skills in the future due to technological change, and 37 per cent of organisations had increased their numbers of temporary staff for this reason.

In business services, the main motivation for employers when taking on more temporary staff was ease of reducing the workforce (59 per cent), followed by changes in skill needs (37 per cent).

In the final sector, 'other services', 49 per cent of managers were concerned with the ease of adjusting the workforce, 27 per cent with the buoyancy of the market, and 26 per cent with covering staff absences.

3.5 Rationales for temporary work: the agencies' perspective — interview data

Interviews with employment agencies identified a range of reasons for the current trend to employ more temporary workers. Some of the reasons identified were based on broad economic factors. These factors included such things as the export-led recovery, the abolition of the wages councils, continuing high unemployment and the current programme of market testing in the public sector, as the following quotes illustrate.

> *'The abolition of the wages councils have made temporary workers more attractive because they are cheaper (cheaper because there are 2.3 million unemployed).'*

> *'Other determinants include the whole government interest in market testing, obviously so in the health service and education. Also very obvious in the commercial sector where there is heavy contracting out of non-core activities.'*

> *'Higher unemployment and lower interests rates mean that it is an export-led recovery, (not consumer) so companies are more cautious and use temporary work to help service the demand from the export market.'*

In addition to broad economic influences, agencies were quick to point out the cost benefits in using temporary workers. Temporary staff were reckoned to be a cheaper alternative to permanent staff, even when the arrangement was retail rather than wholesale.

> *'Everyone, regardless of sector, is looking for ways of reducing costs and one of the largest fixed costs for everyone is labour.'*

> *'Additionally, to recruit is a very labour intensive business, agencies like this provide a cost effective service.'*

> *'People are avoiding employing staff as much as possible because of (i) flexibility and (ii) on-costs.'*

It is interesting to note that agencies saw reduced labour costs as an important advantage to employers. However, only five per cent of employers surveyed identified reduced wage costs as a reason for using temporary workers.

Although broad economic pressures and cost effectiveness were important drivers of employer behaviour, agencies were also highly aware of changing employer behaviour as regards temporary workers:

> *'The main reasons are flexibility. It is also important in times of change for the organisation, so that the business can adapt /restructure. It allows companies the scope to focus on their core business.'*

'The first time around, the shake-out was probably needed, but the second time around, the shake-out was probably over-done and companies shed too many permanent employees. Companies over-reacted and although GDP growth is back to where it was, they are still reluctant to recruit permanent people. There is a greater trend towards temporary employees and a preference for the flexibility that temporary recruitment provides.'

'Apart from the current growing demand for temps, there is generally a seasonal demand pattern, although the impact of this has lessened recently as there are more alternatives to permanent positions. Companies are tending to keep their core staff and then everything else is on the agency payroll.'

There was recognition amongst agencies that high levels of unemployment were responsible for making such wide-scale temporary employment possible and that as the job situation improved, so the maintenance of a large-scale temporary workforce became more difficult.

'Temps are becoming an abused category of staff because of the pressure to keep costs down. It's self defeating to leave it like that, as the better temps then all move on to become permanent.'

'As the number of temporary positions increases, the pressure is on to find the people to fill them.'

'As unemployment drops and work increases, we get more problems with finding people with the right skills.'

3.6 Changing face of temporary work: agencies' perspective — interview data

Both technological change and changes in employer behaviour were having a big impact on the way that agencies operated and on the nature of temporary work. This former point was most evident in terms of the level and range of skills that employers expected of temporary workers, and the agencies' role in ensuring that their temps had the requisite skill sets.

'Technological change has been a major determinant of agency business. The single-faceted person is dead; we have to offer cross training and more multi-skilled workers. An increasing feature of our work is preparation as well as assessment, eg we have a cross-training system so that we can test overall abilities and train people up in areas of weakness etc.'

'Employers are increasingly demanding. They expect temporary workers recruited through an agency to get up to speed very quickly. They are not prepared to support a learning curve, but have higher expectations than if they had recruited themselves.'

Agencies saw that employers were also becoming far more expert in the business of buying in temporary staff and, as a result, the agencies were having to change and develop the service they provided.

'Employers, as buyers of temporary labour, are becoming far more sophisticated. They now have a clear idea/mandate for what they require. Their criteria are mainly quality based: that you can deliver the service you purport at a competitive price. They look for financial stability, a good work record and third party references. In addition, they like to like the face that is selling to them and price is a very big consideration.'

'The changing criteria reflect the fundamental changes in the way buyers purchase temporary staff. They are being wooed more by different agencies because a company of any size using an agency equals big bucks. Where it was a secretary who 'phoned the agency, it's now someone from personnel or the buying department — people who know how to write and regulate contracts.'

3.7 Employers' reasons for using temporary workers — interview data

Overall, the organisations interviewed were able to describe having a range of different types of temporary workers, for a wide variety of reasons. Contractual arrangements differed with each group of temporary workers (often within the same organisation) and although there are some disadvantages, the advantages for the organisations in question are such that many are shifting in the direction of greater use of temporary/fixed-term contracts regardless of whether they are a growing or retracting organisation. A small minority of the organisations taking part in the interviews had made strategic decisions not to employ temporary workers, or to improve conditions for temporary workers where it was necessary to use them.

Many organisations had norms as regards temporary staff, but the numbers vary throughout the year for any of a range of reasons, including seasonal changes, uncertainty about the labour market, to bring human resource strategy in line with strategic intent, to increase flexibility and to cover skill shortages.

One employer described the advantages of seasonal staff in the following way:

'We currently have 400 temporary staff who are used on a seasonal basis. They work from Easter to late summer to service the garden centre business. The advantage of using temps is the seasonal nature of the work. We have our own pool of temps to do this (ie will take on people year after year if they are available). We also have people who want temporary work. There are disadvantages in training and getting the workforce into place for the summer, but they are outweighed by wage savings etc.'

Many employers wanted more permanent flexibility than the type offered by using seasonal workers. They saw a flexible workforce that could readily change and adapt as being intrinsic to their organisation's future development. The two quotes

below sum up much of the feeling that employers expressed on this point:

> *'The trend is generally towards more temps or fixed term contracts. Line managers are viewing the labour market in a very different way. Nothing is forever — they are starting to realise that more and more. The current organisational structure and job design will change in 12 months. Therefore, you need to become more creative in thinking about how you can access people.'*

> *'Two years plus will see more people in head office of varying ages on fixed-term contracts and at all levels. We already buy in consultancy services and that is likely to grow, ie more self employed vs employed status.'*

In some cases, organisations could be far more specific about the sorts of changes they expected in the future and how human resource planning had to fall in line with strategic intent. The examples given included projected growth or downsizing over the next few years, as the following comments show:

> *'We also have sites where we use short-term contracts to ascertain what business demands will be, eg where we have a new store we could well put a proportion of the staff on short-term contracts whilst we wait to see what business is generated. There is the problem of less organisational commitment, but it's better for managers — it gives them the flexibility to meet business volumes, and there is an understanding on both sides that it is temporary. Contracts for this are fixed term, renewable.'*

> *'The advent of xxx on a greenfield site has given us a unique opportunity to study the xxx market and adjust to its cycles without the constraints of head office. In addition to using self managed work teams we have adopted a new non-traditional approach to resourcing and come to an arrangement with an employment agency where we have a base level of demand which is open-ended and deals with the minimum levels of business, but whenever there are peaks and troughs in demand the peaks will be resourced by the agency supplying fully trained staff.'*

Many employers cited more traditional pressures such as areas of skills shortage, which prompted them to recruit temporary workers. Although this was a common reason for employing temporary workers, it always tended to be one of many. Skill shortages were particularly common in the IT industry where temporary workers were generally the preferred option as they needed to update their skills continually.

> *'Where we have skills gaps (especially in IT) we tend to use lots of contractors. We are currently trying to bring IT contractors in on our own fixed-term contracts and allow them to develop new skills whilst they work for us. This is a cost driven mechanism, although there is no one driver in the use of temporary and contractual staff; other drivers include relocating, changes in business and peaks in workload.'*

Contrary to what might be expected, employers have extremely high expectations of temporary workers. This accords with the

experiences of the employment agencies supplying temporary workers. Employers generally expected to be able to recruit or take on temporary employees who were as well qualified or experienced as their permanent staff.

> *'When temps are used they are always employed by us directly (ie not on an agency contract). If people come in on a fixed term contract then they are on the same contractual terms as permanent employees (with the exception of pensions). Temps on fixed term contracts get a good deal from day one and we have very high expectations of them. They would be on very short term contracts if they messed around or didn't come up to scratch.'*

The issues around managing some of the disadvantages of temporary workers were also discussed by many employers. Like the company quoted above, many had looked at the terms on which temporary workers were taken on and had tried to ensure that there was some motivation or goal for those who come in on temporary contracts. For some organisations, this was to make sure that temporary workers would be at the front of the queue if any permanent vacancies came up. Other employers took temporary employees' terms and conditions one step further.

> *'We have tried various different ways to improve terms and conditions for people on fixed term contracts etc. We operate a profit share scheme where permanent employees get a tax free four per cent bonus and a further four per cent bonus which isn't tax free. Recently we have introduced an eight per cent bonus pro rata for people on fixed term contracts. This is quite a major change from the way the organisation was before.'*

4. Characteristics of Temporary Workers

4.1 Introduction

This chapter considers the question, who are the temporary workers? In attempting to provide an answer, evidence is assembled from a number of sources: the *Labour Force Survey*, an IES survey of employers, and the considerable volume of literature concerning non-permanent and atypical work patterns.

The first section of this chapter looks at temporary working by industry and occupation, and draws mainly on evidence from LFS and the IES survey. This is followed by a look at the personal characteristics of temporary labour. The predominant trends, identified in sections one and two of the chapter, are then drawn together with evidence from the literature. Finally, the chapter looks at the reasons given by LFS respondents for taking temporary work.

4.2 Occupation and sector of employment

This section looks at the type of job and firms in which temporary labour is employed. In doing so, evidence is drawn both from the *Labour Force Survey* and our own survey.

4.2.1 Recent trends in temporary working by occupation

Table 4:1 considers the distribution of temporary workers across Standard Occupational Classifications as well as the proportion within each occupational group. Data is presented from the LFS Spring quarters, for the period 1992 to 1995.

The proportion of employees employed on a temporary contract has risen consistently since the spring quarter 1992, and now stands at seven per cent of all employees. This trend is reflected in the rising proportion of temporary employees found within each Standard Occupational Classification (SOC). The rise has been most notable within professional occupations. In 1992, ten per cent of professionals were employed on a temporary basis, whereas in 1995, the figure stands at nearly fourteen per cent. On a more detailed level, this rises from an increase in the proportion of teaching, health and legal professionals as well as natural scientists employed on temporary contracts.

Table 4:1 Distribution of temporary employees within and across Standard Occupational Classifications 1992-95, Great Britain (per cent)

	Temporary Employees							
	Spring 1992		Spring 1993		Spring 1994		Spring 1995	
SOC	within SOC	across SOCs	within SOC	across SOCs	within SOC	across SOCs	within SOC	across SOCs
Managers and administrators	2.0	4.9	2.0	4.9	2.0	4.7	2.2	4.7
Professional occupations	9.8	17.7	11.1	19.1	13.5	21.3	13.5	19.8
Associate prof. & technical	6.1	9.7	6.5	10.1	6.7	9.8	7.3	9.6
Clerical, secretarial	5.3	16.5	5.6	16.3	6.4	16.6	7.3	17.5
Craft	3.7	7.7	4.4	8.1	4.0	6.5	4.6	6.6
Personal and protective	7.3	14.0	7.4	13.8	7.7	13.1	8.4	13.8
Sales	4.5	6.8	4.5	6.4	5.0	6.4	4.8	5.8
Plant and machine operatives	4.9	8.9	4.6	7.8	5.9	8.9	6.7	9.7
Other occupations	8.0	13.3	8.3	12.9	9.0	12.5	9.8	12.3
All temp. employees	**5.6**		**5.9**		**6.5**		**7.0**	

Source: IES spring quarters 1992 to 1995 excluding Northern Ireland

As far as the distribution of temporary employees across SOCs is concerned, the pattern has remained broadly similar. Professional occupations accounted for twenty per cent of all non-permanent employees — an increase when compared to the position in 1992. The proportion of temporaries in clerical occupations also rose. These increases were partly offset by falls in the proportion of temps found in sales, craft and other occupational groups.

4.2.2 Occupational evidence from IES employer survey

The IES postal survey asked respondents to indicate in which occupations they employed temporary labour. Table 4:2 shows the proportion of respondents who employed a temp. in the occupation groups listed.

Just under 50 per cent of respondents who currently, or have employed temporary workers, indicated doing so in secretarial and clerical roles. Technical and computing occupations were the second most frequently cited at 19.8 per cent, closely followed by stores and warehousing at 19.2 per cent. Least frequently mentioned were skilled craftsman and building labourers. Even here, however, approximately ten per cent of relevant employers had employed temporary staff in these occupations.

Table 4:2 Occupation of temporary employees, 1995 (weighted data)

Occupation	No. of Cases (%) All	No. of Cases (N =) All
Managerial/professional	17.4	(124)
Stores/warehouse	19.2	(137)
Technical/computing	19.8	(141)
Clerical/secretarial	49.6	(354)
Skilled craft	10.1	(72)
Nursing health care	13.4	(96)
Retail sales	11.1	(79)
Catering and waiting	16.9	(120)
Domestic cleaners	16.4	(117)
Labouring building	10.5	(75)
Routine assembly	18.7	(133)
Other	7.1	(50)
Total (N =) weighted		*(713)*
Total (N =) unweighted		*(819)*

Source: IES survey 1995

4.2.3 Temporary labour and sector of employment

This section looks at the distribution of temporary work across industrial sectors (across SICs) as well as the density of temporary employment within different industries. In doing so, evidence from the LFS for the last four spring quarters is examined.

Table 4:3 shows the rise in temporary employment over the last four years, as seen already. In terms of the distribution of temporary jobs across industrial sectors, as with occupation, the broad pattern has remain consistent since 1992. If a trend can be detected, it would appear that the services account for slightly more of all temporary employment in 1995 than was the case in 1992.

Most industrial sectors have experienced an increase in the proportion of their workforce on temporary contracts. This is in keeping with the overall growth in temporary employment over the period. The most dramatic rise in temporary employment took place in the energy and water sector, the proportion of temporary employment rising from 5.5 per cent in Spring 1992 to 9.8 per cent in Spring 1995. This may reflect post-privatisation restructuring within the utilities. Other growth sectors with regard to temporary employment are business and other services and, on a lesser scale, engineering.

Table 4:3 Distribution of temporary employees within and across Standard Industrial Classifications (SICs), 1992-95, Great Britain (per cent)

	Temporary Employees							
	Spring 1992		Spring 1993		Spring 1994		Spring 1995	
SIC	within SIC	across SICs	within SIC	across SICs	within SIC	across SICs	within SIC	across SICs
Agriculture	9.0	1.7	7.9	1.3	7.5	1.2	8.5	1.2
Energy and water	5.5	2.3	7.2	2.7	6.8	1.8	9.8	2.2
Metals & minerals	3.6	2.1	3.0	1.6	4.3	2.0	4.3	1.8
Engineering	3.4	6.7	3.6	6.6	3.7	5.3	4.5	6.0
Other manufacturing	3.1	4.8	2.7	4.0	3.2	4.3	4.1	5.1
Construction	6.8	5.8	6.2	4.7	6.0	4.3	7.0	4.5
Distribution & hotels	5.2	18.5	5.1	16.8	5.3	16.3	5.2	14.8
Transport	3.0	3.5	4.2	4.6	4.5	4.5	5.0	4.6
Business services	4.0	8.0	5.1	10.1	5.5	10.3	6.8	12.2
Other services	8.1	46.2	8.5	47.1	9.8	49.7	10.0	47.0
All temp. employees	**5.6**		**5.9**		**6.5**		**7.0**	

Source: LFS spring quarters 1992 to 1995 excluding Northern Ireland

4.3 Personal characteristics of temporary workers

This section looks at the important issue of whether temporary working is disproportionately concentrated in certain sub-groups within the workforce. Table 4:4 looks at non-permanent employees by age, gender, qualification level and full- and part-time work.

Looking at age, the '16 to 19' category has the highest proportion of temporary workers at 18 per cent, followed by the '65 and over' group at 14 per cent. The '45 to 54' age group has the lowest proportion of temporary workers. As far as the distribution of temporary workers across the age bands is concerned, the majority of temps are aged between 25 and 34. This age group also contains the majority of permanent employees. As such, temporary work appears more widespread among the oldest and youngest members of the workforce.

As far as gender is concerned, females account for the majority of non-permanent employment at 53 per cent. Of all female employees, 7.8 per cent are temporary, compared with approximately six per cent of males.

The *Labour Force Survey* also presents data on qualifications, including a variable which indicates the highest achieved qualification of the respondent. This variable is considered in Table 4:4 and in what follows.

Table 4:4 Personal characteristics of temporary and non-temporary labour, GB, 1995

	Non-permanent employees	
Age	**% of each group**	**% of all temps**
16-19	17.6	12.9
20-24	10.9	16.9
25-34	6.2	24.8
35-44	6.1	20.7
45-54	4.8	14.6
55-59	5.1	4.8
60-64	6.3	3.0
65 and over	13.7	2.3
Male	6.2	46.6
Female	7.8	53.4
Highest qualification		
Higher degrees	14.3	5.4
First degree	10.8	14.4
Other degree	4.7	1.3
Higher qualification below degree level	8.3	11.5
Other post 'A' Level	5.2	14.4
'A' Level	9.9	8.5
'O' Level	6.4	17.6
Other	6.3	14.0
No qualification	5.5	12.8
Full time	5.0	54.0
Part time	13.0	46.0

LFS Spring quarter 1995, excluding Northern Ireland

Over fourteen per cent of employees with higher degrees are employed on a temporary basis. The proportion of first degree holders amongst temporary workers stands at 10.8 per cent. The number of people with 'A' levels as their highest qualification accounts for 9.9 per cent. Over five per cent of all non-permanent employees hold a higher degree. Only thirteen per cent of non-permanent employees have no qualifications at all and only six per cent of those with no qualifications are temporary workers.

Of full-time employees, five per cent are employed on a temporary basis. The corresponding figure for part-timers stands at thirteen per cent. Well over 40 per cent of all temporary employees are part-time. As such, a significant overlap appears to exist between part-time and non-permanent work.

4.4 Evidence from the literature

Thus far, the evidence reviewed on the nature of temporary work has drawn on both primary and secondary data sources. Apart from such sources, a significant body of literature exists which considers atypical and temporary employment. This section aims to briefly review such work as it relates to the characteristics of non-permanent labour.

The socio-economic attributes of casual as opposed to fixed-term workers are distinctly different. Those with fixed-term contracts are more likely to be male and hold a higher education qualification[1] for example. Casey (1988) found that temporary workers on fixed-term contracts were more likely to be employed in higher-level occupations and in manufacturing establishments.[2] As far as agency workers were concerned, they were concentrated predominantly in the south-east and tended to cluster in clerical and secretarial occupations. It should be noted that the IES survey did not distinguish between temporary and fixed-term employees.

Generally, most analyses seem to support the idea of temporary employment being located across a wide range of occupations when compared to other types of atypical employment. McGregor and Sproull's (1991) analysis of ELUS indicates that nearly 21 per cent of temporary employment can be accounted for by teaching engagements. Clerical occupations similarly account for 22 per cent of all temporary work.[3] McGregor and Sproull conclude that:

> *'Temporary workers are employed in a wider range of occupations (than part-time employees), but again, in mainly low or semi-skilled jobs, with the exception of teachers and lecturers.'*[4]

Similar conclusions are drawn by Meager (1985). Milward *et al.* (1992) show on the basis of WIRS3, that fixed-term contracts are disproportionately found in food, drink and tobacco establishments in the manufacturing sector, and in education, local government and the health service.

As is the case with part-time work, the majority of temporary workers are female (McGregor and Sproull, 1991). Again, the distinction needs to be drawn between types of temporary work. McGregor and Sproull (1991), analysing ELUS, found a little over a half of all temporary workers to be women; among self-

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1 Dale and Bamford (1988), page 206.

2 Casey (1988), page 132.

3 *Ibid.* page 14.

4 *Ibid.* page 15.

employed contractors this figure falls to less than a third.[1] Women are more likely to hold a temporary job for reasons other than being unable to find a permanent one (Dale and Bamford 1988). Dale and Bamford (1988) point out that this does not imply that such women are happy with temporary work.[2]

The question remains as to whether all temporary labour can be considered peripheral. Atkinson (1987) points out that periphery workers are more likely to be drawn, though not exclusively, from disadvantaged groups; lower social classes, the unskilled and women.[3] This is certainly the case for casual temporary labour (Hunter and McInnes, 1991). Doubts remain, however, as to whether those on fixed-term contracts, in tight segments of the labour market, constitute a disadvantaged group and whether they really perform peripheral functions.

4.5 Reasons for taking temporary work

Labour Force Survey respondents are asked, if relevant, why they took a temporary job. Table 4:5 sets out the proportions giving the various reasons from spring 1992 to spring 1995.

In 1995, 44 per cent of temporary employees took a temporary job because they could not find permanent work. This proportion has increased consistently over the period in question. The percentage voluntarily employed on a non-permanent basis has remained broadly constant. Of temporary workers who gave a reason for taking non-permanent employment, 'other reasons' have declined consistently, from 31 per cent to 23 per cent. It would appear that involuntary temporary work has become more prevalent. A significant proportion of respondents have moved from giving 'other reasons' for working as temps, to describing themselves as involuntarily in non-permanent work.

Table 4:5 Reasons for taking temporary work

	Spring 1992	Spring 1993	Spring 1994	Spring 1995
Reason	%	%	%	%
Period of training given	5.5	6.2	6.8	5.7
Could not find permanent work	36.5	42.0	43.1	44.2
Did not want permanent work	27.5	25.7	26.1	27.4
Other reason	30.5	25.1	24.0	22.6
No reason given	0.0	0.0	0.0	0.0

Source: LFS spring quarters 1992 to 1995 excluding Northern Ireland

[1] McGregor and Sproull (1991), page 14.

[2] Dale and Bamford (1988), page 207.

[3] Atkinson (1987), page 102.

Data from the LFS can also be used to examine by gender the different reasons for taking a non-permanent job[1]. In doing so, considerable differences emerge between the sexes. Of male temporary workers, 52 per cent would prefer permanent work, the corresponding percentage for females standing at 38 per cent. Approximately 34 per cent of female temporary workers did not want a temporary job, compared to less than one in five of males.

4.6 Conclusion

The different sources of evidence consulted with regard to the characteristics of temporary workers appear broadly to agree. We can tentatively conclude the following:

- There has been an increase in the proportion of professionals on temporary contracts.
- Clerical and secretarial temporaries still account for a significant component of all temporary jobs.
- The incidence of temporary employment has increased significantly in the energy and water sector.
- Temporary work is disproportionately experienced by the youngest and oldest employees.
- Temporary workers are relatively highly qualified.
- Finally, there has been a rise in involuntary temporary work.

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[1] Figures taken from the LFS spring quarter 1995, excluding Northern Ireland.

5. Finding Temporary Staff

In this chapter, we consider how employers go about finding the various temporary staff they seek, and the strengths and weaknesses they perceive in the various means they use to resource themselves. We begin by considering the main sources of recruitment.

5.1 Supply of temporary workers: previous empirical evidence

5.1.1 The role of employment agencies

Along with more informal methods of recruiting temporary labour, employment agencies would appear to be one of the most prominent mechanisms by which temporary staff are recruited (IDS, 1995a).

The use of employment agencies is on the increase (IRS, 1990b) over the medium to long run. Thomasson (1994) puts the number of employment agencies in Great Britain at some 6,324, with a total turnover of over £3,200 million.[1] The number of employment agency organisations has been particularly recession sensitive (Thomasson, 1994). In 1989, 85 per cent[2] of their sales were generated through the placement of temporary labour. Agency work has a strongly regional dimension, with over 70 per cent of placements made in the South East.[3]

Agency workers are excluded from the protection accorded to other groups of workers, under legislation, due to the transient nature of their relationship with employers. In terms of tax and social security, agency workers are treated as dependent employees (Casey, 1988). As far as the courts are concerned, agency workers are 'self-employed independent contractors'.[4]

Many agencies now offer training for workers (IRS, 1990b and IDS, 1995a). This may be a result of persistent problem faced by

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1 Thomasson (1994), page 22.

2 IRS (1990b), page 8.

3 *Ibid.* page 8.

4 Casey (1988), page 140.

employment agencies in obtaining enough qualified staff. Manpower employment agency provides training for temps at no cost to clients, during periods of inactivity for workers (IDS, 1995a). According to Manpower, skills currently in much demand include: use of latest software, knowledge of foreign languages and telephone skills. Attitude is also increasingly important, with the emphasis being placed very much on customer care, especially service sector employers (IDS, 1995a).

Agencies seek to maintain the quality of their staff through various vetting procedures, as well as testing potential employees, especially secretarial and clerical workers. Possible temps are asked to complete application forms and are interviewed (IDS, 1995a) in a similar way to normal recruitment processes.

Some agencies, such as Alfred Marks, have introduced schemes whereby staff can accept lower hourly rates in exchange for sick pay and four weeks holiday. Manpower temps receive sick pay, for up to 20 days in any one year, after 65 days service.[1] Pay rates, as has been seen previously, are generally determined by local labour market spot rates.

Hales (1995)[2] looks at employers' perceptions of 'fee-charging private agencies'. Larger establishments generally appear to be more favourably disposed to agencies but also most likely to consider them expensive. Indeed, 71 per cent of the sample saw agencies as costly.[3] Usage of Jobcentres by organisations seems to have little influence on the view held of agencies, except with recent users, who were more likely to mention cost as a disadvantage.

5.1.2 Employers' selection of temporary workers

This section assesses the selection criteria adopted in the recruitment of temporary workers and considers whether terms and conditions differ for temporary workers as compared to those enjoyed by permanent staff. Most evidence is drawn from a recent series of case studies carried out by IDS (1995).

It is generally thought that temporary workers enjoy less stringent selection procedures than is the case for permanent staff. This is especially so for casual and seasonal workers. It does depend, however, on what type of work is being done and on what basis. Higher level, professional temporary workers are often expected to go through the same selection procedure as permanent staff. There is some evidence from the IDS (1995a)

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[1] IDS (1995a), page 7.

[2] Hales (1995), pages 88-89.

[3] Hales (1995), chart 7.6, page 89.

that selection criteria for temporary staff are becoming more rigorous. Earlier chapters in this report have suggested the same.

As temporary work is, for the most part, mundane, IDS found that the majority of companies in their study offer informal induction and training. Certain organisations, such as food and catering companies and cross-channel ferry operators, included basic training in an induction programme, for obvious reasons.

The terms and conditions enjoyed by temporary labour again varied by the type of work and contract. As with statutory benefits, such as maternity leave, a lot of company benefits are dependant on time served. As such, many temporary workers are excluded from benefits.

Case studies revealed no significant variation between temporary and permanent staff with regard to hours of work and rates of pay. The majority of organisation gave some entitlement to holiday pay, with half providing some form of sick pay cover. Again, the exact position was dependent on the nature of the work and length of contract. Temps were only eligible to join pension schemes in public sector organisations.

In most cases, if temporary workers went on to become permanent, they were required to undergo normal selection procedures. Temporary work was most likely to lead to a permanent post if seasonal peaks in demand were maintained. It would appear that there is a wide variation in the likelihood of employers making temps permanent. This phenomenon does appear most often, however, in the public sector and among retailers.

5.2 Recruitment of temporary staff: IES results

The market for temporary staff is complex, being strongly segmented by occupational norms, and by the degree of professionalism exhibited by employers in accessing it. So far as the former is concerned, there are clearly major differences between (say) traditional, keyboard-based office temporary staff, highly skilled technical and professional contract staff, casual employees in relatively low skill occupations such as cleaning, temporary managerial and executive appointments, and so on. Just about all they have in common is a finite duration of employment; beyond that lies variety, both as regards the jobs and the conventional means of filling them. However, although there is considerable clustering by employers around these occupationally specific recruitment norms, there is also significant inter-employer variety, which reflects both the sophistication of the employer in question and the frequency with which they deploy temporary staff.

Looking at this variation between employers, we found a wide range of different methods in use to recruit temporary workers.

Table 5:1 Main methods used to recruit temporary workers

		%
Intermediate recruitment	General employment agencies	14.2
	Specialist employment agencies	15.9
	Jobcentre	14.2
Direct recruitment	National media	3.0
	Local media	7.2
	Own bank of temps	16.5
	Word of mouth	18.8
	Unsolicited	5.5

Source: IES survey, 1995

Respondents with such staff were asked what was the main method they used to recruit them. The results are shown in Table 5:1.

It is evident that direct recruitment (*ie* where the employer handles all aspects of recruitment) of temporary workers is dominant, with just over half the respondents citing one or other method of direct recruitment as their main way of taking on temporary staff. Within this direct recruitment, informal methods (using word of mouth or an in-house bank of temporaries, or direct application) seem to be the most common, with formal recruitment through the media being the main method in only about ten per cent of respondents.

The other half of the market is provided by intermediary bodies; with private agencies cited as the main method by nearly a third (15.9 per cent specialist agencies and 14.4 per cent general ones), and the Jobcentre by 14 per cent.

Our interviews with both employers and agencies testify to the strength of segmentation within the temporary worker labour market, which makes it difficult to assert any general trends. However, one clear trend is evident arising from the agencies, and that is the strong orientation towards achieving recognition among their customers for the quality of both the staff they provide, and the manner in which they provide them. Agencies appear to face significant cyclical variation in the level of demand for their services, with many employers deploying temporary staff at about the same stage in the cycle (*ie* when output growth has been strong enough to take up under-used capacity, but not sustained enough to underwrite permanent recruitment). By increasing their non-cyclical share of the business, agencies hope both to increase average volumes, and reduce volatility in demand. This means persuading employers to use their services more often at other times through offering, what the agencies hope is, access to high quality labour resources.

There is some evidence arising from the interviews that the most common means of achieving such 'quality' is through specialisation, *ie* a growing trend to provide a better service by meeting the particular requirements of the different occupational components of the temporary workers labour market, through either divisionalisation (on the part of some of the larger agencies) or through a more limited occupational range on the part of the others. This process of specialisation conflicts strongly with a traditional geographical focus, whereby private agencies looked to a market which was local and general, rather than occupational and specific. This more traditional logic is found more strongly among the smaller independent agencies, who are, perhaps, limited to one or two local markets in any case, but is being eclipsed by occupational specialisation among the bigger players.

At the same time, employer response to occupational and cyclical variation in their demand for temporary workers leads them to deploy different methods of recruitment, perhaps simultaneously in time, but directed at different parts of the temporary work labour market. We asked our respondents with experience of using temporary staff, what types of agency they had used in the past three years, and found that close on two in three had used Jobcentres and general staff agencies, as Table 5:2 shows.

We can see that the technical/specialist staff share of the market is relatively small, with less than one in five employers using them at all, and the managerial/executive share is smaller still. Nevertheless, these are the higher margin markets, and they appear to be growing. The broader reach of the general agencies provides them with the possibility to emulate the quality of service which the more specialist agencies supply by virtue of their more precise focus, and this appears to be the logic underpinning the intensified focus on quality.

It is also evident that the Jobcentres enjoy some of the same advantages in meeting the demands of employers for temporary staff. Fully a third of all employers use them to recruit temporary staff generally, and this amounts to over 60 per cent of those who currently employ such staff. The Jobcentres are by no means the main method used by such employers to find temporary staff (as Table 5:1 shows). They are however, the most

Table 5:2 Use of agencies in the past three years

	% of all respondents	% of those with temps	% citing as most frequently used
General staff agency	33.2	61.5	47.6
Jobcentre	33.0	61.2	37.8
Technical/specialist agency	17.7	32.9	14.1
Managerial/executive agency	4.0	7.4	0.4

Source: IES survey, 1995

frequently used agency for well over a third of employers using agencies to find temporary staff. They potentially enjoy significant access to the temporary work labour market. What they enjoy far less than their private sector counterparts is the capacity to choose their client groups; private agencies have discretion about whom they will take onto their books, and they seek to use it as part of their efforts to improve quality.

5.3 Perceived advantages of using agencies

How far private agencies have been successful in presenting themselves and their services to their client employers as high quality is important, not just for what it tells us about how the agency market is changing, but also because of the possible implications for the use of temporary labour *per se*. By assessing where employers see advantage and disadvantage in using temporary labour (in this case, agency-provided), we are better placed to make inferences about their use of temporary labour as a whole. We asked those employers who used each type of agency, what they saw as its advantages. Their responses are shown in Table 5:3.

5.3.1 The general agencies

Table 5:2 showed that general agencies were the most frequently used supplier of temporary staff among half our respondents who used any kind of intermediary. The ability to secure temporary staff quickly when needed is the most frequently cited advantage offered, with four out of five users of general agencies recognising their provision of staff 'on demand', and two in three recognising speed in meeting employer needs, as important advantages. After this immediacy in meeting demand comes the issue of quality. Nearly half of the general agency users recognised advantage in the assured quality of staff which they provided, and about a third of them cited the agencies' expertise in selection as an advantage. A third advantage offered by these agencies was their readiness to take over the administrative effort in securing, selecting and deploying such temporary workers.

Areas where the general agencies were less widely recognised were in their knowledge of either the local or the occupational labour market in question — cited by a quarter of users. This is perhaps not surprising in view of the 'general' character of such agencies, probably covering several different occupations, and serving many different industrial and commercial clients. In a similar vein, access to wider labour markets is not widely recognised as an advantage of these general agencies and again, this is not surprising in view of the significance of small, 'one town' agencies in the market.

Table 5:3 Employer perspectives on value of agencies (employers using each agency only)

Advantages in use of:	General staff agency (%)	Jobcentre (%)	Technical/ specialist (%)	Managerial/ executive (%)
Access to assured quality of temporary staff	48.2	8.1	53.4	45.4
Access to temps on demand	81.2	42.8	47.1	18.5
Expertise in selection	12.2	12.6	41.3	54.8
Takes over admin. effort in provision	36.1	15.8	28.9	43.4
Speed in meeting needs	65.8	36.6	54.0	29.3
Knowledge of LM/ labour supply	25.6	37.1	18.6	27.1
Access to wider LMs	18.1	29.6	28.2	55.8
Staff unlikely to want permanency	15.0	1.4	9.5	5.4
Other	1.0	1.7	1.2	2.9
Total (N =)	*315*	*299*	*167*	*37*

Disadvantage in use of:	General staff agency (%)	Jobcentre (%)	Technical/ specialist (%)	Managerial/ executive (%)
Don't understand requirements	24.5	32.8	7.0	10.0
Costly	53.0	1.1	58.4	58.8
Can't always provide right skills	45.0	62.5	25.4	8.7
Tend to send unsuitable people	29.9	57.2	13.3	12.2
Other disadvantage	2.1	1.5	0.7	0
Total (N =)	*315*	*299*	*167*	*37*

Source: IES survey, 1995

Finally, only 15 per cent of users thought that a low likelihood of staff provided by these agencies wanting a permanent job was an advantage which they offered. This finding is difficult to interpret. It could be that agency staff were widely thought to want permanency, although this would contradict what the agencies themselves believed (that most of their workers positively preferred temping), and what they sought (to retain staff for temporary placements, rather than losing them to direct, permanent employment with their clients). It could suggest that the users wanted temporary staff in search of a permanent job, but the agency staff were not sufficiently interested in this. We have shown that around a fifth of our employers did use temporary appointments as trials for permanent jobs. However, when they did so, our interviews suggest, it was generally through direct employment, rather than *via* an agency, who would seek a fee for any permanent placement made. The most

likely explanation here is that the preferences of the temporary worker are not a matter of great importance to the users of agency temporary labour. Whether or not they want permanent work is not a matter of much consequence for them; should it materially interfere with their readiness to do the job in question, then the user would readily be able to secure a replacement, to whom the job was more congenial, through the agency. This is surely an important facet of the strength of users attachment to 'assured quality' of temporary staff through an agency.

Turning now to the perceived disadvantages of the general agencies, high cost (53 per cent) and unreliability in supply of the right skills (45 per cent) seem to be the most commonly experienced. Generally speaking, our interviews with employers suggested an underlying view that the use of agency temps was intrinsically an expensive business. This, it appears, was broadly acceptable on two grounds: provided the agency supplied high quality staff exactly matched to the work in question, and provided the user deployed such expensive resources usefully with discretion. The importance attached to quality as an advantage of using general agencies tends to support this view. High costs can never be an advantage, but they may be acceptable if they result in the provision of suitable labour resources, which exactly match the qualities, volumes and timing specified by the user.

About a third of users indicated that general agencies tended to fall down on the first of these by sending unsuitable people. Furthermore, a quarter of users report that general agencies did not understand their precise needs, and a similar proportion that agencies could not always provide the volume of labour wanted.

Thus, to summarise, it seems that a capacity to provide the appropriate quality of people, as and when they are needed, quickly and with little administrative fuss, represents the critical requirements of general agencies by their users. Agencies are perceived to be more successful in meeting these requirements if they (1) understand the users' requirements properly, and (2) themselves deploy both the volume of labour to call on, and (3) the capacity to select appropriately skilled and otherwise suitable people from within that cohort. To the extent that they can and do, their perceived high cost seems to be sustainable.

5.3.2 The technical/specialist and managerial/executive agencies

It is convenient to take these two types of agency together for two reasons. Firstly, their results tend to be similar, varying only by degree; and secondly, together they mark an important contrast with the general agencies.

This contrast principally turns on the argument deployed above; that agencies have been seeking to improve the perceived value-

added of their services by increasing specialisation, simultaneously positioning themselves to understand more cogently their clients' needs, and being more visible and attractive to the particular kinds of labour whom they wish to deploy.

Thus, the immediacy and speed in response to clients' expressed needs is much less marked for these more specialist agencies than it is for the general ones. Conversely, the importance attached to the quality of staff they can offer is somewhat stronger. So, for example, provision of staff on demand is cited as an advantage of these specialist agencies by a much smaller proportion of users (47.1 per cent for users of technical/specialist agencies and 18.5 per cent for users of managerial/executive agencies) than it is for the general agencies (81.2 per cent). Expertise in selection was more strongly reported as an advantage of using specialist agencies (41.3 per cent for technical agencies and 54.8 per cent for managerial agencies). This compares with 32.2 per cent for general agencies. Access to wider labour markets was also reported more strongly as an advantage associated with specialist agencies, (28.2 per cent of technical agencies and 55.8 per cent of managerial agencies compared to 18.1 per cent of general staff agencies).

Interestingly, the extent to which they are perceived to have secured access to an assured calibre of temporary staff is not much greater (at 53.4 and 45.4 per cent respectively) than it is for the more general agencies (at 48.2 per cent). This may testify to the efforts made by the general agencies to 'catch up', by placing increasing emphasis on the quality of the staff on their books, or it may simply reflect the importance attached by employers to the calibre and suitability of temporary staff taken on at whatever level. Either way, the emphasis on quality staff in the eyes of the end user, and the importance therefore attached to a parallel and demonstrable concern on the part of the provider is clearly attested here.

It is further demonstrated by the way in which these more specialist agencies have avoided some of the perceived disadvantages of the more generalist ones. Thus, they are much less likely to be criticised for not understanding the users' requirements, and are similarly less likely to be faulted for an inability to provide the right skills. As a result, they are much less likely to attract censure for sending the wrong sort of people. Certainly, they are slightly more likely to be seen as costly, but not much so: by about 58 per cent of users compared with 53 per cent of generalist agency users.

Thus, to summarise, for these more specialist agencies, a capacity to find and provide the appropriate quality of people is perceived to be their main advantage. While they may not be perceived as having much better access to appropriately skilled labour, they do seem to be more successful in not sending obviously unsuitable

ones, and to be more reliable as sources of supply. Cost is likely to be high, but value for money may well offset this considerably.

5.3.3 Jobcentres

Although well over a third of our users cite the Jobcentre as the most frequently used agency for supplying temporary workers, it cannot be said that users see much intrinsic advantage in so doing. In almost all the categories cited, Jobcentres are much less likely to be seen by their users as offering advantage than are the private generalist agencies.

This is hardly surprising; it is the *raison d'être* of the generalist agencies to meet their clients' needs for temporary labour. This is not the principal aim of the Jobcentres. It might be thought that the greater surprise lies in the less than complete expression of satisfaction with generalist private agencies in performing their principal activity, than in the lower incidence of perceived advantage shown here.

Perhaps the most important contrast shown in the table is the low proportion of users who see the Jobcentre as offering advantageous access to an assured quality of temporary staff. This is partly because the figure (8.3 per cent of users) is both absolutely and relatively so low, but it is also important because it is precisely in this area that the other agencies have staked out their claim to the market. Nearly two in three Jobcentre users indicate that an inability always to provide the right skills is a disadvantage, and this might be expected to inhibit users of temporary staff from reliance on Jobcentres, even though they are not universally content with the general agencies' ability to do so.

This concern is further emphasised by the relatively low acclaim given to Jobcentres' expertise in selection, and a relatively widely cited tendency to send unsuitable people for temporary vacancies. If the private agencies are right to emphasise the quality both of the labour on their books and their procedures in matching that to clients' expressed needs, then Jobcentres seem to have a long way to go in convincing their own users, not to mention those who do not use Jobcentres, that they can compete on this set of criteria.

There are criteria on which the Jobcentres do compete well, however. Their clients clearly recognise them as having local, and/or occupational, labour market knowledge far more often than do the clients of the general private agencies, or indeed their more upmarket specialist counterparts. Furthermore, Jobcentres are perceived to offer advantage through access to wider labour markets more often than the generalist agencies, and just as often as the technical/specialist agencies. They are less likely to be criticised for volume constraints on supply than are the private generalist agencies.

Most importantly, Jobcentres are not perceived as costly in the almost universal way that private agencies are. This may be an important advantage in any context, but it is perhaps less so if the character of employer demand is moving in the direction reported by the private agencies. A more discriminating use of temporary appointments requires a higher level of skill on the part of the worker, and offers the supplier less room for leeway in meeting requirements.

Nor is cost just a question of fee. Jobcentres are seen as being less advantageous than private agencies in administering the provision of suitable people. Private agencies can, and do, undertake to provide a certain level of labour resource at a given level of skill, and the employer is offered the prospect of an administration-free service (or virtually so). The Jobcentres are not perceived to offer such a service; our interviews suggest that they are seen as providers of a short-list. After this, the selection and all further administrative and personnel costs are the responsibility of the employer. Low cost must always offer advantage to cost-conscious employers. Thus, while it is not immediately clear that Jobcentres have orchestrated the best combination of low cost and high quality service to meet the needs of the majority of temporary work users, it is also clear that the relatively high costs of the private agencies are much resented, and represent their weak point in a competitive market.

6. Stepping Stones

In this chapter, we discuss how far, and under what circumstances, temporary jobs might represent 'stepping stones' in the labour market, allowing individuals access to wider opportunities, and specifically, offering them a potential route out of unemployment.

6.1 Introduction

It has long been argued that temporary jobs can offer unemployed people a means to improve their labour market circumstances, both immediately and directly (through moving off the register and into paid employment), and in the longer term (because access to a permanent job may be more easily secured from a temporary one, rather than from unemployment). For example, Casey (1988, page 72) argues that there is evidence for the first such transition:

> *'Temporary work provided an important source of new jobs for unemployed people, of whom perhaps a quarter took such work. The higher the level of unemployment in the local labour market, the higher the proportion.'*

But he is more cautious about the second step (from temporary work into permanent). Thus (page 73):

> *'Although not increasing the likelihood of long-term unemployment, temporary working was linked to recurrent unemployment. Both people entering unemployment as a result of losing a temporary job, and people taking temporary jobs as a way out of unemployment, seemed more likely to have taken a number of jobs, to have experienced a number of spells of unemployment, to have had less time in work and more time in unemployment than people becoming unemployed for other reasons, or managing to obtain a permanent job on leaving unemployment.'*

If there are stepping stones from unemployment into regular work via temporary positions, then it would seem that they are rather slippery, and do not often lead all the way across the river.

Thinking more closely about the process involved in effecting such transfers, we can see that there are three ways in which taking a temporary post might lead to permanent employment.

- **External route**: Exchanging unemployed (perhaps even long term unemployed) status for employed status (albeit in a temporary position, or a string of them) might improve the attractiveness of the individual for selection to a future permanent position with a different employer. The temporary position(s) might:
  - finance more extensive jobsearch and a more extended travel to work radius than could be afforded on benefit
  - demonstrate commitment to the work ethic, and the capacity to hold down a job, to a putative recruiter
  - lead to the acquisition of skills and work experience relevant to a similar permanent position
  - provide the individual with an up to date work reference.
- **Internal indirect route**: Most vacancies are not advertised in the external labour market, but are either filled from within the organisation by promotion/transfer, or by an outsider, who is either recommended by a member of staff or alerted to the vacancy by them before it is advertised. In taking a temporary position, an individual might improve their chances through this route in the following ways:
  - access to insider information about future vacancies might be secured while the individual was in the temporary position, thus placing them favourably for a pre-emptive application/expression of interest
  - social contacts with employees might be established which could further improve access to information about upcoming vacancies, even after a temporary position had ended. The social isolation of the unemployed has long been recognised as a disadvantage in pursuing such potential openings[1], and in particular, restricting their social contacts down to other unemployed people tends to deny them access to such insider information.
  - in undertaking a temporary job, an individual might register a favourable impression with their managers, such that, in the future, they might positively be sought out for a permanent vacancy. The acquisition of directly relevant job-related and employer-specific skills in the temporary position, the necessity for induction and skill-related training for the permanent post might be reduced. Thus, such 'good prospect' temporary staff might be lodged on a waiting list, or might simply remain in the memory of the relevant manager until such time as another vacancy arises. We might expect such a route to be more prominent among smaller firms, for whom 'fitting in well' is known to be a strong selection criteria,

[1] White and McRea (1989).

and in which the recruitment preferences of the owner/proprietor are known to count for a lot.[1]

- **Internal direct route**: Employers may use the screening opportunities offered by a temporary appointment to select individuals whom they intend to employ on a permanent basis, perhaps in the same, or similar, job. Although the labour law in Great Britain presents scant barrier to simply laying-off new recruits who do not turn out to be suitable, employers may wish to avoid the 'hire and fire' reputation which this might give them externally, and also may prefer to contain any internal repercussions (from unions, from disgruntled employees, *etc.*) of such practices. The opportunity presented by a temporary appointment may provide an apparently less hard-nosed approach to securing the same ends; after all, both sides were aware at the outset of the finite duration of the appointment. The degree of intent on the part of the employer might vary greatly, from a conscious and deliberate screening exercise[2], through to a wholly pragmatic appointment of a known quantity who just happened to be on hand when a vacancy occurred.

6.2 Unemployment and temporary working: previous empirical evidence

Those leaving unemployment have increasingly moved into inactivity or less secure forms of employment such as some types of temporary work (Gregg and Wadsworth, 1995, and Brinkley, 1995). Indeed, only 20 per cent of jobs filled by the previously unemployed, during 1992, were full-time permanent positions.[3] In terms of movements from temporary or atypical employment into unemployment, 'exit from the flexible employment forms usually ends in exit from the employed labour force'.[4] There is, however, evidence that employment agencies are increasingly co-operating with employers who use temporary contracts as a process by which potential permanent workers can be screened (IDS, 1995a). Recent case study evidence suggests that upwards of ten per cent of temporary employers are subsequently offered permanent contracts (IDS, 1995a).

The relationship between unemployment and temporary work is an important issue dealt with by Casey (1988) in his 1984

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[1] Atkinson J and Meager N (1993).

[2] Our study has already thrown some light on this; we have shown (in Chapter 3) that one in five of our respondents cited 'trials for permanent employment' as one of their main reasons for using temporary contracts, although very few (only about three per cent) cited it as *the* main reason.

[3] Gregg and Wadsworth (1995), page 89.

[4] *Ibid.*, page 89.

analysis of the LFS. The LFS records the number of people entering a temporary job from unemployment and, conversely, how many people become unemployed who were previously in temporary employment. A number of features of this relationship can be noted:[1]

- One-quarter of temporary employees in work at the time of the study were unemployed 12 months previously.
- One-third of those economically inactive 12 months previously were in temporary employment.
- Only two per cent of voluntary temporary workers were unemployed 12 months previously, nearly one-third, however, were economically inactive.
- For involuntary temporary workers these proportions were slightly under one-third in both cases.
- Sixteen per cent of the unemployed were previously employed in a temporary position.
- Redundancy, dismissal and voluntary resignations all accounted for greater proportions of the inflow into unemployment.

Looking at the PSI/MSC *Unemployment Flows Survey*, evidence for a relationship between temporary jobs and recurrent unemployment was evident. Those whose first job on leaving unemployment was temporary were more likely to suffer multiple spells of unemployment in the future.

6.3 Recruiting from temporary positions

Our survey can tell us nothing about the first of the three possible routes identified in Section 6.1 (*ie* into permanent employment, but with another employer), and the evidence cited by Casey suggests that, for the most part, it is not a well-trodden path.

However, our results show that transfers from temporary positions to permanent ones within the same establishment are relatively widespread across establishments. We asked our respondents whether any of their temporary workers had been taken on a permanent basis during the past three years, and found that fully 68 per cent of those who employed temporary staff had appointed in this way. As we had found that about a quarter of our base sample never used temporary workers, and so were excluded from this question, this means that exactly half of all our establishments had taken temporary staff into permanent jobs in the past three years, as Table 6:1 shows.

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[1] Casey (1988), pages 135 to 136.

Table 6:1 Have any temporary workers been taken on a permanent basis over the last three years?

	(N =)	% of those employing temps	% of respondents
Yes	(461)	67.9	49.7
No	(220)	32.2	23.7
Never use temporary staff	(247)	–	26.6
Not answered	(51)	–	–

Source: IES survey, 1995

There is clear evidence that the likelihood of transferring workers from temporary to permanent status is more likely to be found among the larger establishments. So 92 per cent of those establishments with more than 500 employees had done so, compared to 49 per cent of those with less than 50. In part, of course, this is simply a reflection of the greater volume of hiring activity among larger establishments: there is simply more chance of them making such transfers than there would be among smaller establishments with fewer opportunities to make them. Production sector establishments are somewhat more likely to report them (but this may be simply a reflection of their greater average size), but ownership makes no difference.

The likelihood of taking temporary workers onto permanent status is not much affected by the proportion of the workforce employed on a temporary basis, except when that proportion is very high (over 50 per cent). Among these establishments, we observe a much lower likelihood of making such a transfer. This could simply reflect fewer permanent vacancies to transfer them to (*eg* in the case of seasonal work), but it seems also to indicate a wish to segregate different parts of the workforce more stringently when temporary contracts are the norm.

The prospects of such a route into permanent employment of course turn not just on the incidence of such transfers by establishments, but crucially on their frequency, and the number of jobs which might be accessed in this way. Here, our data is less robust. In designing our inquiry we did not think it reasonable to ask respondents how many temporary staff they had had at their establishments during the past three years, with any reasonable degree of confidence in the accuracy of their responses. We did think it more reasonable to ask how many temporary workers had been taken on to a permanent basis, as we expected this to be both rarer, and perhaps a matter of record; respondents might be more likely to recall the instances when they had filled regular vacancies in this way, and so be able to give a reasonably accurate estimate.

Thus, although we successfully collected data on the number of transfers during this time, we cannot say what proportion of the flow of temporary workers over the period this represents. We

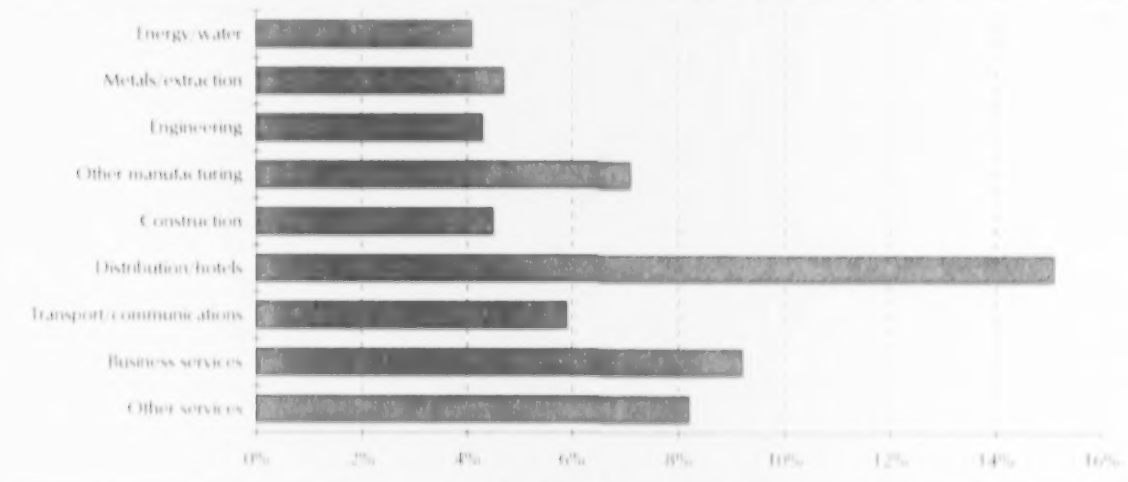
can, however, contrast the number of people taken on in this way with the current stock of workers, temporary, permanent or both. The second of these seems to us to be the most meaningful relationship, as it will show us the scale of the flow into permanent employment set against a known stock of such permanent employment. Of course, there may be some double counting involved, as such transferred workers may have subsequently resigned and been replaced in the same way. In addition, the volume of employment may have been shifting somewhat over that period. So we are not able to measure precisely the proportion of the current permanent stock who arrived *via* the temporary job route, but we are able to arrive at a rough indication of scale.

Just looking at those establishments who have recruited to their permanent workforce in this way (*ie* about half of the establishments in the sample as a whole) we find that, on average, a number equating to 8.6 per cent of their permanent workforce had been recruited from a temporary contract in the past three years.

We observed no consistent variation by establishment size in this tendency. There is, however, some variation by sector, as Figure 6:1 shows. We can see that establishments in SIC 06 (hotels, catering and distribution), and to a lesser extent in SIC 08 (financial and business services) tend to have a higher proportion of their workforce recruited in this way. Establishments in 'other services' and 'other manufacturing' have an average propensity to hire in this way, and the remaining sectors are less likely to do so.

Further variation in this tendency is observed by ownership. Private sector establishments recruit a higher proportion of their permanent workforces via a temporary contract than do public

Figure 6:1 Temporary staff made permanent in the past three years, as a proportion of the current permanent workforce (sectoral means)



Source: IES survey, 1995

sector establishments: both do it less often than the voluntary sector establishments, but here the numbers involved are quite small, and may be unreliable. Nevertheless, it seems consistent with the notion that voluntary sector businesses tend to have less secure funding than others, and so may use temporary appointments as some kind of precautionary, tentative demand for labour, contingent on continuing funding being available.

Thus, we can see that transfers from temporary to permanent status do occur on a fairly broad front among British employers of temporary staff. Just about half of all our establishments, two thirds of those with any temporary workers to transfer, had made such a transfer at some point in the past three years. Further, where they are made, they seem to be made on a reasonably large scale, with a substantial proportion of the present permanent workforce taking up their posts in this way. Of course, it may be that the expansion of temporary employment, and the recovery from the recession of the early 1990s has provided particularly fertile soil for this sort of transition, and for this reason, we now go on to consider employers' rationale in causing them to take place.

6.4 Rationales for the transfer

Our discussions with employers who had taken on workers originally on a temporary basis, and subsequently moved them to an established position, uncovered an enormous variety of circumstances and rationales lying behind such a transfer. In most cases, it would seem that the particular circumstances attending the move were of considerable importance in explaining it. Few respondents were willing to admit that such transfers 'just happened', *ie* that the temporary employee simply acquired the status of a permanent employee *de facto*, simply by virtue of not being laid off. Indeed, several respondents were at some pains to show that the possibilities for this sort of attachment had been deliberately reduced through the introduction of procedures, some designed to review temporary contracts as they lengthened or were renewed, in order to avoid an employee acquiring employment rights through oversight, others designed to contain head count growth through the use of non-established temporary positions. Nevertheless, it should be remembered that all our interview respondents came from large organisations, with formal procedures and regulations. Among small firms, perhaps lacking professional HR managers, such *de facto* transfers may be more common.

Whatever the complexities and specificities of each particular transfer, our interviews inevitably identified two sets of circumstance which were found to some degree in every case: (1) the level of demand for labour had to be increasing, or at least relatively buoyant, and (2) the individual concerned had to have demonstrated considerable personal merit in post. By and large,

Table 6:2 Reasons for moving staff from temporary to permanent contracts

	%
Individual's performance	74.1
Increased demand for product/services	45.2
To get improved commitment from temps	9.3
To improve morale among temps	5.1
Union pressure	2.3
Permanent staff pressure	1.6
Other reasons	25.7
– of which 'needed more staff'	17.4

Source: IES survey, 1995

it seemed that where such transfers involved groups of workers (for example, an entire shift at one establishment), the first consideration applied most strongly; where the move was restricted to a single individual, high levels of personal, demonstrable merit could significantly (but not entirely) offset it.

Our survey results show that these two factors were dominant more widely, as Table 6:2 shows. Here, those 461 respondents who had made such a transfer in the past three years were invited to say why they had done so. We can see that three-quarters of them cited the individual's performance, while 45 per cent cited increased demand in the product market.

The relatively high level of 'other reasons' cited testifies also to the point made above that particular and specific circumstances are often of considerable importance in understanding such a move. However, on further analysis, almost all of these 'other reasons' turn out to be variants on either the 'increased demand' or 'individual merit' themes. Thus, 'more staff needed' was cited by 73 per cent (representing 17.4 per cent of the total of respondents in Table 6:2).

Equally interesting is the relatively low incidence of all the other factors. It will be recalled that this was a multiple response question, in which respondents were asked to identify any factor which applied, not just the most important. There is clearly a set of circumstances in which temporary employment was not found to be producing a high enough level of performance among temporary staff, leading nine per cent of these respondents to transfer them to permanent positions in order to improve their commitment, and a further five per cent to improve their morale. However, by contrast with the very high levels cited for good individual performance, this dissatisfaction with poor collective performance, is not very widely acknowledged, and cannot be seen as a major feature influencing the flow into permanent jobs. Even less significant is employee pressure (whether or not focused through a union). It could be argued that permanent employees have a collective interest in preventing their employers using

workers on conditions which they would regard as inferior — 'them today, us tomorrow'. Yet less than five per cent of these respondents claim to have been influenced in this way in making the transfer from temporary to permanent status. This may simply be evidence of the relatively low impact of collective pressure on employers in today's labour market, or it may indicate that where unions (or employees) are really serious in their opposition to temporary employment, they oppose it altogether, and do not seek to mediate it by insisting on later transfer to permanent status. Our earlier finding that only three per cent of respondents recognised there to be union opposition to the deployment of temporary labour, suggests that the former is a more likely explanation.

We further explored employer motives in making these transfers by asking them to identify the sorts of advantage they could secure through making them. The results are shown in Table 6:3, which again represents a multiple response question, asked only of those who said they had transferred staff from temporary to permanent employment in the past three years (N = 461).

Again, two related advantages are prominent. Firstly, the chosen individual does not have induction or initial training costs, as they are already familiar with the job and work requirements. Secondly, the employer is familiar with them and, in particular, is satisfied that they are competent workers who may be appointed with confidence. In neither case is the employer seeking or getting an absolute reduction in the cost of making an appointment (rather he/she is simply avoiding incurring them twice). Nor is he/she necessarily looking to invoke lesser selection criteria (but rather has found a relatively cast iron way of ensuring that the individual in question can live up to them).

Two further advantages are cited, albeit less widely at about a third each, which suggest that there are wider advantages to be secured. Firstly, the cost of formal advertising is avoided, and we should note that a few respondents also cited 'speed' as the 'other advantage' in making appointments in this way. Secondly, the possibility of trying out people who can evidently do the job, but don't necessarily have the qualifications to secure their appointment to it, is cited as an advantage by 153 respondents (a

Table 6:3 Advantages in transferring staff from temporary to permanent jobs

	%
Can select with more confidence	74.5
Individual more familiar with job/work	89.0
Saves cost of advertising	35.2
Can try out people without qualifications	33.8
Other advantages	3.2

Source: IES survey, 1993

third of this sub-sample of employers who had made such transfers, and 16 per cent of the whole sample).

This suggests that there may exist a small number of employers who might see advantage in reducing their formal selection criteria for an established post, in the face of the proven capacity to do the job. There may, of course, be many more who would do it if necessary (perhaps in the face of a much tighter labour market), but there are evidently some who consider doing it anyway. However, the data suggests, and our interviews largely confirm, that this does not seem to be a prior rationale for employing staff on a temporary basis, but rather an after the fact bonus secured as a result of a transfer made mainly for other reasons. Furthermore, there was little or no sign that such a bonus might lead those realising it to explore the scope for securing it more consistently in the future, by revising either their selection criteria or their recruitment norms. As one respondent put it:

> *'We might get one or two really excellent people this way, but they are always going to be a minority among their peer group, and just because one or two of them are up to it doesn't mean that many of them are. . . . our selection criteria are designed to find people with the skills and attributes we want, and we look in the places where we are most likely to find them. . . . I quite agree with you that there may be some people in other places and with different labels who could do the job, but the effort of finding them is not worth the candle and if we get a few through devious routes, well that's just bunce.'*

6.5 Temporary jobs, selection criteria and disadvantaged groups

The argument that temporary jobs may constitute an *intra* employer route back into the labour market for the disadvantaged in general, and the unemployed in particular, turns on several assumptions.

Firstly, employers must be shown to permit (if not encourage) workers in temporary positions to transfer to permanent status. We have shown that this is so, and that most employers with temporary staff are likely to have done this at some point in the relatively recent past.

Secondly, these employers must be willing to offset the possible shortcomings in formal selection criteria against evident strengths (personal and/or job-related) demonstrated by the individual in question. Again, we have shown that this is so, albeit that possession and display of such characteristics is only a necessary facet of such a transfer, and not a sufficient one.

Thirdly, it must be shown that employers are willing to take on recruits to temporary jobs from such disadvantaged groups more readily than they would to their regular vacancies. If not, then there is little advantage in orienting towards them, if a permanent job is the ultimate aim.

In order to explore this third consideration, we asked our respondents who had temporary workers, whether they were any more likely to recruit from one of several disadvantaged groups when recruiting on a temporary basis than they were when hiring for a permanent job. It should be said that when this question was put to our interview respondents, they almost all made the point that membership or not of these disadvantaged groups was not one of their selection criteria anyway. 'We recruit against ability to do the job, not membership of a certain group.' At most, they would agree that membership might be a shorthand way of assessing how likely an individual was to have a certain requisite skill or characteristic, but beyond this they generally would not go.

Nevertheless, there is an undeniable statistical relationship between membership of these groups and the likelihood of being hired when applying from one. Furthermore, even if such considerations do not appear on employers' formal recruitment criteria, they can hardly be expected to be irrelevant. So it seems sensible to ask whether that likelihood of being hired might be greater if the job was only temporary, all other things being equal. Table 6:4 shows the results.

The most obvious conclusion to be drawn from this table is that three quarters of respondents would recruit for a temporary position in the same way as for a permanent one. That is, they would be no more or less likely to recruit from the unemployed or those with disabilities. In very few cases the short-term unemployed are less likely to be taken on a temporary basis (fewer than one in twenty), although the long-term unemployed and those with a disability seem to be significantly less favoured for temporary appointment than they would be for a similar permanent one.

Table 6:4 Are you more or less likely to recruit from one of the following groups when recruiting on a *temporary* basis

	Much more likely %	Somewhat more likely %	No difference %	Less likely %	(N =)
Unemployed (up to a year)	8.9	9.6	76.9	4.7	(643)
Unemployed (over a year)	3.1	9.7	72.2	15.1	(643)
People with:					
— disabilities	1.5	6.1	74.4	18.0	(624)
— criminal record	0.6	1.0	31.0	67.4	(613)
— insufficient/borderline experience	0.9	8.1	42.9	48.1	(640)
— insufficient/borderline qualifications	1.3	7.2	43.5	48.0	(629)

Source: IES survey, 1995

By contrast, the short-term unemployed are more (or somewhat more) likely to be considered for temporary appointment by about a fifth of respondents. Longer-term unemployed are less widely favoured than this, with only 12 per cent being more likely to hire them if a vacancy was temporary. Those with a disability are even less often advantaged by the temporary character of a vacancy.

Thus, for most employers it makes no difference to the chances of their hiring from these three groups if their vacancy is a temporary one. Indeed, the long-term unemployed and people with a disability are, on balance, slightly more disadvantaged than advantaged when applying for a temporary vacancy; only the short-term unemployed might find a significant number of employers more likely to hire them on a temporary basis rather than permanently. However, only a fifth of employers were more likely to take on short-term unemployed as temporary workers.

For the other three groups, the position is even worse. Here, there are significant numbers of employers who say that they would be less likely to hire them on a temporary contract than they would on a permanent one. This is perhaps explicable for those with borderline skills or qualifications, in view of what we have found about the importance attached by recruiters of temporary labour to a quick start: those who may not be quite up to the demands of the job may be least able to come to grips with it quickly. For those with a criminal record, it is possible that the pre-recruitment referencing and post-recruitment supervision envisaged may simply be less worthwhile for a temporary appointment than it might be for a permanent one.

In short, it is only those unemployed for less than a year who might find themselves slightly advantaged by being guided towards temporary vacancies, all other things being equal. For most of these groups it will make little difference to their chances, and for some it will worsen them. Of course, in reality, all other things are far from equal; in particular, the occupational distribution of temporary vacancies will considerably influence the likelihood of jobseekers from these groups even being in the running to be hired. What the results suggest is that there may be some slight advantage for the relatively short-term unemployed in pursuing the sort of jobs they can do when offered on a temporary rather than a permanent basis. Whether the slightly better chance they have of securing it outweighs the rather restricted prospects for being subsequently taken on permanently remains uncertain.

7. Conclusions

This chapter differs from the previous ones in that it presents no new empirical evidence, and makes no claims to reportage, in the way that early chapters have done. Rather, it represents our conclusions on the implications of the findings for the Employment Service, and more generally, for those concerned about increasing the job prospects of the unemployed through more deft understanding of the dynamics of the labour market.

We begin by drawing out the most relevant findings so far presented, and move on to assess their implications.

7.1 Recapitulation

We have shown that the temporary work labour market has been growing in recent years, largely because of the combination of a slow and uncertain climb out of deep recession in the product market, and a relatively weak labour market, in which jobseekers are less able to be choosers.

While much of the temporary work labour market remains structured by traditional features (*eg* the occupations and workers involved, employers' most common rationales, and the intermediary agencies involved) that is not to deny the changes which are evident. In particular, we should note:

- the increased emphasis claimed by employers on precision and appropriateness in their decisions to deploy temporaries, the manner in which they seek to do so, and the sort of staff whom they seek to take on in this way
- the attempts by private agencies to lift the quality of the services they offer, both strategically (through shifting from retail to wholesale where possible), and day to day (through increased emphasis on the quality, both of their own placement procedures and of the staff resources they seek to provide.

The fact that temporary jobs do not last as long as others means that, under these circumstances, they are even more prominent in the flow of vacancies over time. This, combined with their occupational structure (in part clustered in the lower part of the labour market), makes them an important part of the job landscape facing the unemployed, both in their own terms, and in terms of the 'step up' which they may offer the unemployed.

Employers appear to adopt a pragmatic stance on transfers from temporary to permanent status. While most seem to have fairly tight procedures to avoid doing this 'by accident', and around a fifth explicitly use at least some of their temporary jobs as trials for permanent ones, most employers seem ready to do this when they see advantage in it.

These circumstances seem always to involve:

- a reasonable level of business buoyancy, and
- the individual concerned demonstrating real merit.

As a result, the scale of such transfers seems to be quite significant, although clearly applying to only a minority of temporary placements.

Significant numbers of employers do use the Jobcentres to fill temporary vacancies. Two in three employers with temporary staff use Jobcentres, but for only half of them is it the most frequently used agency. Furthermore, employers do not seem to rate the Jobcentres very highly in meeting their main criteria for such agencies; notably immediacy in the provision of suitably skilled staff.

7.2 Are the unemployed well placed to take temporary jobs?

Our results show that there is no really clear cut answer to this question. On the one hand, to the extent that speed in filling vacancies is an important part of the employer's priorities, then the unemployed ought to be fairly well placed; they are by definition 'available for work'. Furthermore, a significant part of the temporary work labour market (though by no means all) demands fairly low levels of skill, or fairly generic skills. Thus, lack of skill ought not to represent an impenetrable constraint for many of the unemployed in taking such jobs.

However, the unemployed do face three serious barriers in this part of the labour market.

7.2.1 Employer antipathy

Recruiting someone from unemployment (particularly long-term unemployment) may be perceived by employers as a chancy business, embodied in the applicant's lack of up-to-date references, lack of recent work experience, and other employers' disinclination to hire them. Are employers more likely to take such a chance on a temporary appointment than they would for a permanent one?

Our results suggest not. It was only for those unemployed for less than a year that we found any significant number of employers who were more likely to hire them as temporaries

than they would be for permanent status. And even here, fully three-quarters of employers were no more likely to do so.

For the more seriously disadvantaged, the likelihood of the temporary character of the job improving their chances are virtually zero — or worse; for the long-term unemployed, there are more employers who are less likely to take them on if the vacancy was temporary than there are who are more inclined to do so.

Employers may be risk averse when they can get away with it, but what can possibly explain the *lesser* likelihood to recruit from the disadvantaged groups for such temporary appointments?

7.2.2 Selection criteria for temporary jobs

It is sometimes suggested that to the extent that temporary jobs are not a crucial feature of most firms' staffing strategies, then selection criteria might well be slacker than they would be for a permanent opening. While this might well be so for a truly casual appointment, it does not seem to be the case for most temporary jobs. And while it might be true under tighter labour market conditions, it does not seem to be the case today. Our results suggest that employers are not generally more inclined to lower their selection criteria for a temporary position. Rather, they have been demonstrating a clear attachment to securing high quality staff for their temporary vacancies.

Indeed, there is one critical *generic* skill that temporary workers are required to possess and deploy, and that is the capacity to find their feet in an unfamiliar environment quickly, and so to come up to speed rapidly without the need for significant and extended induction procedures. In general, this is precisely the quality which the unemployed in general, and the long-term unemployed in particular, are believed to lack. Through a perhaps extended absence from the workplace, they are feared to have lost (or at best to have blunted) the 'familiarity' with the requirements of the workplace. The greater emphasis employers place on flatter structures, self-supervision, empowerment *etc*, the more insistent is their need for self-reliance and self-confidence among employees. Temporary workers do not escape this requirement, and to the extent that applicants do not demonstrably possess it, they are unlikely to be looked on favourably.

7.2.3 Agency preferences

In a competitive market, agencies are the creatures of their clients. They cannot afford to be seen to defy their clients' preferences, even if they do not share them. Indeed, the recent emphasis they have been placing on the calibre and high quality of the labour which *they* offer suggests the reverse; as employers flex their labour market muscles to specify high standards for

even the lowest of their vacancies, so the agencies have no option but to do likewise — or at least to seem to.

Our agency respondents were very cagey about offering the unemployed to their clients for temporary appointments. On the one hand, the unemployed do represent a significant resource for the agencies, and most of those interviewed were (1) fairly confident that their in-house testing and selection criteria were satisfactory in maintaining their quality standards, and (2) sufficiently used to dealing with unemployed jobseekers not to attach any stigma to it.

Nevertheless, they were rightly sensitive to their clients' concerns about sending unsuitable people (30 per cent of users in our survey said that this was a disadvantage of agencies), and had no wish to be seen as a conduit for the unemployed. Thus, provided that their own selection standards were maintained, and that the mix of unemployed to others did not become 'excessive', agencies were generally ready to place unemployed people, but clearly not preferentially so.

7.3 Are the Jobcentres well placed to meet employer demands for temporary labour?

The evidence would suggest that Jobcentres are not well placed in this respect. Our results show that while employers use the Jobcentres for temporary placements, they are far from enthusiastic about the service they receive there. Leaving aside the question of cost, Jobcentres seem to suffer from the twin disadvantage that employers do not perceive their main client group (the unemployed) as *prima facie* suitable candidates for their temporary openings, and they have reservations about the extent to which Jobcentres select from within the client group to find the most suitable applicants.

Certainly, the Jobcentres offer some compensating advantages (such as better access to and knowledge about labour markets), but these are unlikely to be of central importance. Furthermore, to the extent that employer concern with quality standards among temporary staff is rising, then low cost in supply (while not to be sniffed at) may well be a secondary consideration.

Thus, it would seem that Jobcentres are not a particularly advantageous launch-platform for the unemployed to project themselves into the temporary work labour market. Employers who recruit to such jobs through Jobcentres may not be the employers most concerned about the quality of supply, and may be more concerned about low cost. It is possible therefore that Jobcentre placements into temporary work may cluster at the casual end of the temporary work labour market, although further research specifically on placements would be needed to assess this properly.

More positively, if employers are concerned about the start-up times, familiarisation training and induction costs of temporary workers, then the Jobcentres ought to be well placed to combine a placement service tied in with some elements of TfW and other such programmes. Such an indirect route may be more constructive than simply submitting unemployed applicants to vacancies for which they may not be thought to meet the important implicit selection criteria of job readiness.

7.4 Are the unemployed likely to benefit from taking a temporary job?

For all the reasons given in Chapter 6, there are clear advantages to the unemployed taking temporary work. Through providing an up-to-date work record, experience, reference, access to the grapevine about upcoming vacancies, and a chance to shine, temporary jobs certainly represent a benefit to the unemployed.

However, the extent of that advantage should not be over-stressed. While we have shown that employers do transfer workers on temporary contracts to permanent jobs on quite a significant scale, for any given temporary appointment they are much more likely not to. The individual in question will need to demonstrate quite exceptional personal strengths and attributes in the job in a relatively short space of time, and in a relatively unfamiliar environment. He/she will also need to enjoy a lot of luck, in that the labour demand of the employer will need to be rising.

We have shown that those with only borderline qualifications or experience are likely to be at more of a disadvantage in pursuing a temporary job than a permanent one. Thus, orienting towards a temporary appointment does not seem to be a sensible way of trying to enhance skills through on-the-job experience and training. Furthermore, as temporary jobs rarely provide significant training opportunities, the unemployed person is unlikely to add to their stock of formal skills and qualifications through this route.

Appendix 1: Technical Appendix

A1.1 Introduction

This appendix reviews the methodological approach adopted for the postal survey component of the research. Specifically, questionnaire design, sampling method, achieved sample characteristics and weighting process are examined.

A1.2 Survey methodology and sample design

A1.2.1 Survey instrument

The postal survey consisted of a self-completion questionnaire, in the field between the end of July and mid-September 1995.

A self-completion postal questionnaire was considered the most appropriate research instrument for two principal reasons: firstly, due to the level and detail of information required from respondents which could involve reference to personnel records *etc.* (a telephone survey was felt to be unsuitable for the same reason); and secondly, due to cost considerations. Postal surveys are relatively inexpensive compared to face-to-face and telephone interviewing, and can be handled internally by the IES survey unit.

The questionnaire (a copy of which can be found in Appendix 2) is divided into five sections, the first two containing contextual questions, with other sections looking at different aspects of temporary working. A primary consideration in its design was the need to strike the appropriate balance between questionnaire length and subject coverage. It was felt that a questionnaire of considerable length would adversely effect response. At the same time, the coverage of a number of issues relating to temporary work was required in a significant degree of detail.

A1.2.2 Sampling methodology

A sample of some 2,000 employers was drawn from the British Telecom Business Database. The latter contains data collected at the level of the establishment. The establishment, as opposed to the organisation, was seen as the appropriate unit of analysis so that behaviour at branch level within large companies could be

examined. Reweighting establishment based surveys is also less prohibitive in terms of the availability of population estimates.

A1.2.3 Sample frame

The sample frame was drawn up on the basis of both sector of operation (Standard Industrial Classification) and employer size, to form a matrix. Units were selected proportionately by industrial sector and disproportionately by size (see Table A1:1).

As far as industrial sector is concerned, proportional stratification was adopted in order to avoid the high likelihood of significant random error — for example, not achieving a single response in a certain sector. Greater than proportional sampling fractions were not felt to be necessary. However, with regard to size, disproportionate stratification was adopted. If stratification by size had been proportionate, it is likely that not enough responses from larger companies would have been received. All sampling within strata was random. It should also be noted that no units were sampled from the agricultural sector or from establishments with less than twenty-five employees.

Stratification and the use of disproportionate sampling fractions was adopted in order to reduce the standard errors associated with estimates and thus increase their precision.

Table A1:1 Sample matrix

	Employer Size Bands					
SIC	25-49	50-499	500 plus	Total	Sampling Fraction	Population Proportion *
Energy/water	7	14	7	28	1.4	1.4
Metal/mineral extraction	14	27	14	54	2.7	2.7
Engineering	44	88	44	176	8.8	8.8
Other manufacturing	44	89	44	177	8.9	8.9
Construction	21	42	21	83	4.2	4.2
Distribution/hotels	111	221	111	442	22.1	22.1
Transport/communications	29	57	29	114	5.7	5.7
Business services	66	132	66	263	13.2	13.2
Other services	166	332	166	663	33.2	33.2
Total	*500*	*1,000*	*500*	*2,000*	*100.0*	*100.0*
Sampling fraction	25.0	50.0	25.0	100.0		
Population proportions *	53.7	43.9	2.4	100.0		

Source: IES survey, 1995

A1.3 Achieved sample characteristics

This section is concerned with the achieved sample. It examines the response rate, the precision of key estimates as well as some of the basic characteristics of respondents.

A1.3.1 Response rate

Table A1:2 looks at the response rate by each stratum. The overall net response rate for the survey was 50.7 per cent. This allows for post office returns and non-participants *etc.* For a postal survey, this is considered to be an acceptable response rate.

Generally, smaller establishments were less likely to respond than establishments with over 500 employees. The only exception to this was in the construction sector where the response rate declined with size. Small establishments in energy and water, metal and mineral extraction and business services recorded the lowest response rates. Across the business services sector as a whole, the response rate stood at a relatively low 37 per cent. Notably high response was achieved among medium size and large metal and mineral extraction establishments, as well as among employers in the energy and water sector.

A1.3.2 Precision of estimates

Due to the relatively complex nature of the sample construction, calculating the standard errors of various sample estimates cannot be achieved using a simple random sample formula. The latter will under estimate the standard error when a disproportionate stratified technique is adopted.

Table A1:2 Response rates by strata (unweighted)

	Employer Size Bands			
SIC	**25-49**	**50-499**	**500 plus**	**Total**
Energy/water	28.6	35.7	85.7	46.4
Metal/mineral extraction	59.6	77.8	74.1	64.8
Engineering	40.9	48.9	65.9	51.1
Other manufacturing	52.0	53.1	54.2	53.1
Construction	67.5	45.8	48.2	51.8
Distribution/hotels	49.8	50.7	34.4	46.4
Transport/communications	45.6	45.6	59.6	49.1
Business services	31.9	40.3	35.0	36.9
Other services	57.9	44.3	62.1	52.2
Total	49.2	47.3	52.0	

Source: IES survey, 1995

Due to the complexity of the standard error calculation, standard errors have been calculated for two key variables only: the proportion currently employing at least one temporary worker and the proportion having taken on a temporary worker as a permanent member of staff in the last three years.

Taking weighted data, the proportion of respondents currently employing at least one temporary is 57.6 per cent (±2.9 per cent). Thus we can say with 95 per cent confidence that the population proportion lies within the range 54.7 to 60.5 per cent. In the same way, the proportion of respondents who have taken on a temp. permanently in the last three years (weighted data) stands at 67.8 per cent (±3.6 per cent).

It is felt that our estimates of these two key variables, given the standard errors, achieve a sufficient level of precision.

A1.3.3 Characteristics of the unweighted achieved sample

Tables A1:1 and A1:2 provide information on certain characteristics of the respondents. Table A1:3 shows the size and sector composition of our achieved sample, while Table A1:4 considers other characteristics.

Looking at Table A1:3, the spread of cases across both size and sector broadly follows that of our sample matrix (see Table A1:1 sampling fractions). Only in business and other services does the achieved proportion differ by more than a minimal amount from the sampling fraction, and even then not by a significant margin.

Table A1:3 Size and sector of unweighted achieved sample

	Employer Size Bands				
SIC	25-49	50-499	500 plus	Total (N =)	Total (%)
Energy/water	2	5	6	(13)	1.3
Metal/mineral extraction	4	21	10	(35)	3.6
Engineering	18	43	29	(90)	9.2
Other manufacturing	23	47	24	(94)	9.6
Construction	14	19	10	(43)	4.4
Distribution/hotels	55	112	38	(205)	20.9
Transport/communications	13	26	17	(56)	5.7
Business services	21	53	23	(97)	9.9
Other services	96	147	103	(346)	35.5
Total (N =)	*246*	*473*	*260*	*(979)*	
Total (%)	*25.1*	*48.3*	*26.6*		*100.0*

Source: IES survey, 1995

Table A1:4 Characteristics of the achieved sample (weighted and unweighted)

Total Sample (N =)	Unweighted N = 979	Weighted N = 979
Unionisation		
Yes	49.8	34.8
No	50.2	65.2
Total answering (N =)	*961*	*961*
Ownership		
Private	75.4	79.2
Public	21.5	16.1
Voluntary	3.1	4.6
Total answering (N =)	*930*	*922*
Trend in employment in the last three years		
Increased	40.4	39.6
Decreased	32.3	27.7
Same	25.4	30.6
Don't know	1.9	2.1
Total answering (N =)	*955*	*959*

Source: IES survey, 1995

Considering the unweighted data in Table A1:4, clearly the majority of the achieved sample establishments in the private sector are non-unionised and have seen employment growth over the last three years.

A1.4 Weighting process

Due to the nature of the sampling methodology used, systematic bias is present in the achieved sample. Sampling disproportionately by size, means that when compared to the population, the achieved sample has a higher proportion of large establishments and a lower number of small establishments (compare the sampling fraction with the population proportion in Table A1:1). In effect, this is bias by design and needs to be reversed.

In order to negate the impact of disproportional stratified sampling by size and to ensure that our sample is more representative of the population, by size, weights are applied to our estimates.

Weights are generated on the basis of establishment, by calculating the ratio of achieved cases to the response expected by establishment, from a sample drawn proportionately. In other

words, the ratio of our actual responses to the ideal (the latter having no random error and bias present). No adjustment is made with regard to sector, as establishments were sampled proportionately by SIC and our results are considered broadly representative.

A1.4.1 Characteristics of the achieved sample weighted

Table A1:5 gives the number of weighted responses in each cell of the size/sector matrix.

Weighting by size ensures that the proportion of the total in each size category closely resembles the population proportions (see Table A1:1). The proportion of total respondents by SIC division remains unchanged. Thus, the weighting process merely reallocates the responses within each SIC division according to the proportions indicated by the population estimates.

Table A1:3 records certain characteristics not only of the unweighted but also of the weighted sample. Applying the weights results in a lower proportion of unionised establishments, an increase in private and voluntary ownership and a decrease in the proportion of establishments reporting a rise in employment over the last three years. Broadly, these results are to be expected, as weighting, in this case, has merely increased the relative influence of smaller establishments on our estimates.

Table A1:5 Achieved sample by size and sector (weighted)

	Employer Size Bands				
SIC	25-49	50-499	500 plus	Total (N =)	Total (%)
Energy/water	4	8	1	(13)	1.3
Metal/mineral extraction	11	20	2	(35)	3.6
Engineering	41	45	4	(90)	9.2
Other manufacturing	42	49	3	(94)	9.6
Construction	24	19	0	(43)	4.4
Distribution/hotels	126	78	1	(205)	20.9
Transport/communications	25	29	2	(56)	5.7
Business services	56	40	1	(97)	9.9
Other services	191	146	9	(346)	35.3
Total (N =)	*523*	*433*	*24*	*(979)*	
Total (%)	*53.4*	*44.2*	*2.4*		*100.0*

Source: IES survey, 1995

Appendix 2: Questionnaire

11 July, 1995

Dear Sir/Madam

Use of Temporary Workers

The Employment Service is conducting a review of employer practices as regards temporary workers. The review will help to inform policy decisions on assistance and advice offered to the unemployed. The Employment Service has commissioned the Institute for Employment Studies to carry out research on the extent and use of temporary workers in the UK.

As part of that study we want to collect information from employers on when and how they recruit temporary workers and the types of jobs they perform. We would be extremely grateful if you, or an appropriate colleague could take a few minutes to complete the attached questionnaire and return it to us in the pre-paid envelope provided.

As we want to know about the extent to which employers use temps it is important that we have a reply from everyone Even if you do not use temporary workers at your establishment, we would be grateful if you could complete sections A and B, this should only take about five minutes. If you do use temporary workers we would also like you to complete sections C to E. This may take up to 15 minutes.

The survey is voluntary and entirely confidential. The data collected will be used anonymously in statistical analysis. No names of establishments will be passed to the Employment Service or any other party. Individual questionnaires will be destroyed when the research is completed.

Should you have any queries, please feel free to give me a ring on (01273) 686751 ext.3660.

With many thanks in advance.

Yours sincerely

Dr Jo Rick
Research Fellow

DEFINITIONS OF 'ESTABLISHMENT' AND 'TEMPORARY WORKER'

Establishment

This refers to the premises covered by the address on the covering letter. It does not include other, separate premises of your organisation at different postal addresses. Thus adjacent offices, plan and warehouses that all have the same address are all part of the same establishment. However, if this is the head office of a company with several other premises in different areas, the term 'establishment' covers only the premises here and the staff based at this address, even though staff at all premises are paid from here.

Temporary workers

Temporary employees are those whose employment is seen by both employer and employee as being for a limited period only. They include casual employees, seasonal employees and employees on contracts that run for a fixed term or until a particular task has been completed. They also include agency temporaries (*ie* people working at or from your establishment on a temporary basis who are employed by employment agencies or other companies providing temporary staff) freelancers, external consultants and self-employed workers.

TEMPORARY WORKERS QUESTIONNAIRE

Confidential to the Institute for Employment Studies

IES

Please answer the following questions as fully as you are able by ticking the boxes or writing in the spaces provided. Please return the completed questionnaire to IES in the reply-paid envelope provided. If you have any queries, please contact Dr Jo Rick at IES on 01273 686751.

A. Background

This questionnaire asks you about people working at your establishment, by establishment we mean the premises to which this questionnaire was addressed. It DOES NOT include separate premises of your organisation at different postal addresses

1. Does your establishment operate in the:

   Private sector ☐

   Public sector (eg local government, NHS etc.) ☐

   Voluntary sector ☐

2. What is the total number of employees in your establishment? Please give the total head count including any temporary, part-time and full-time staff. ☐

3. Do you have a recognised trade union in your establishment? yes ☐ no ☐

4. Over the **last three years** has the total number of employees in your establishment

   increased ☐ decreased ☐ stayed the same ☐ don't know ☐

B. Performance

5. What was the total financial turnover of your establishment in the last financial year? **(for public sector organisations please give total operating budget)** ☐

6. Compared to **three years ago** has demand for your services/products

   increased ☐ decreased ☐ stayed the same ☐ don't know ☐

7. Over the **last three years** how predictable have your business volumes been

   very predictable ☐ moderately predictable ☐ moderately unpredictable ☐ very unpredictable ☐

8. Over the **next three years** do business volumes look

   very predictable ☐ moderately predictable ☐ moderately unpredictable ☐ very unpredictable ☐

9. Over the **next three years** do you think demand for your products/services will be

   increasing ☐ steady ☐ decreasing ☐ don't know ☐

C. Temporary Workers

Temporary workers are those whose jobs are seen by both employer and employee as being for a limited period of time only. Temporary workers include casual, seasonal, fixed term employees, consultants, freelancers, self employed and agency temps.

10a Do you currently have any staff who could be described as temporary workers?

yes ☐ *(go to Q11)* no ☐

10b. If no, do you ever use temporary workers?

yes, occasionally ☐ *(go to Q13a)* no, never ☐ *(Please answer Q18 on page 5 then return the questionnaire to IES)*

11. How many temporary workers do you currently have (*please give total headcount*) ☐

12. Please tell us below how many of these temporary workers are (*please give total number*)

employed directly by you ☐

employed by an agency ☐

self employed freelance ☐

employed by a sub contractor ☐

other (*please specify*) ..... ☐

13a. What are your **main** reasons for using temporary workers? (*please tick all that apply*)

a) short term cover whilst staff are away on maternity leave a ☐

b) short term cover whilst staff are away on holiday or sick leave b ☐

c) to match staffing levels to peaks in demand c ☐

d) to deal with one off tasks d ☐

e) to provide specialist skills where demand would not justify recruiting permanent staff e ☐

f) as trials for permanent jobs f ☐

g) temporary workers aren't in unions g ☐

h) to reduce wage and non wage costs h ☐

i) to reduce training costs i ☐

j) temporary workers are easier to recruit j ☐

k) to provide cover while staffing levels are changed k ☐

l) other (*please specify*) ..... l ☐

13b. Please indicate the three most important of these reasons for using temporary staff. (*please rank reasons by putting the corresponding letters in the boxes below*)

1ST ☐ 2ND ☐ 3RD ☐

14. Over the **last three years** would you say your use of temporary workers has

increased ☐ decreased ☐ staved the same ☐ don't know ☐

15. Over the **next three years** do you see your use of temporary workers

increasing ☐ decreasing ☐ staying the same ☐ don't know ☐

16. If your use of temporary workers is **increasing**, why is this? *(please tick all that apply)*

- uncertainty about buoyancy of market ☐
- ease of adjusting to reduced labour needs in the future ☐
- technological change is altering type of skills needed in future ☐
- more staff absence to cover for ☐
- others (*please specify*) ..... ☐

17. What types of jobs do you employ temporary workers to do? *(please tick all that apply)*

- managerial/professional/financial ☐
- technical/computing ☐
- skilled craft ☐
- retail and sales work ☐
- cleaners/domestics ☐
- routine process/assembly work ☐
- stores/warehouse/delivery ☐
- clerical/secretarial/receptionist ☐
- nursing/healthcare/childcare ☐
- catering/waiting staff ☐
- labouring (including building) ☐
- other occupations *(please specify)* ☐
  .....

18. In your experience, what are the disadvantages of using temporary workers? *(please tick all that apply)*

- temporary workers are less productive ☐
- temporary workers are hard to recruit ☐
- temporary workers need in house training ☐
- there is union opposition to temporary workers ☐
- temporary workers are less reliable/committed ☐
- other (*please specify*) ..... ☐

D. Staff Recruitment

19. What is your **main** method for recruiting temporary workers? *(please tick only one)*

- specialist employment agencies ☐ 1
- local Jobcentre ☐ 2
- national media ☐ 3
- word of mouth ☐ 4
- general employment agencies ☐ 5
- local media ☐ 6
- unsolicited direct applications ☐ 7
- own bank of temporary workers ☐ 8
- other (*please specify*) ..... ☐ 9

20. In the **past three years**, have you made use of **any** the following types of agencies for supplying you with temporary workers? *(please tick all that apply)*

- General staff agencies ☐
- Jobcentres ☐
- Technical or specialist staff agencies ☐
- Managerial/Executive Agencies ☐
- Not used any agencies ☐ *(please go to Section E)*

21. Which type of agency have you used **most frequently** for recruiting temporary staff? *(please tick only one)*

General staff ☐ Jobcentres ☐ Technical/specialist ☐ Managerial/executive ☐

22. For each type of agency **you have used**, please indicate its advantages by placing ticks in the appropriate boxes. *(please tick all that apply in the column for each agency you have used)*

	General Staff	Job-centres	Technical /specialist	Managerial /executive
access to an assured quality of temporary staff	☐	☐	☐	☐
access to temporary staff 'on demand'	☐	☐	☐	☐
expertise in selection of suitable individuals	☐	☐	☐	☐
takes over administrative effort in provision	☐	☐	☐	☐
speed in meeting your needs	☐	☐	☐	☐
knowledge of local labour markets/supply	☐	☐	☐	☐
access to wider labour markets	☐	☐	☐	☐
agency staff less likely to want permanent posts	☐	☐	☐	☐
other please specify.....	☐	☐	☐	☐

23. What are the disadvantages you have experienced with each type of agency you have used? *(please tick all that apply in the column for each agency you have used)*

	General Staff	Job-centres	Technical /specialist	Managerial /executive
don't understand your particular requirements	☐	☐	☐	☐
costly way of recruitment	☐	☐	☐	☐
can't always provide staff with the right skills	☐	☐	☐	☐
don't always have the number of staff required	☐	☐	☐	☐
tend to send unsuitable people	☐	☐	☐	☐
others (*please specify*)	☐	☐	☐	☐

E. Temporary Jobs and Permanent Jobs

24. Over the **last 3 years**, have any temporary workers been taken on a permanent basis?

yes ☐ if yes, how many (*please write in total number*) ☐

no ☐ if no, *go to Q27 over the page*

25. Why did you transfer temporary worker(s) to permanent job(s)? (*please tick all that apply*)

increased demand for products and services ☐

because of the individuals' performance ☐

to improve morale among temporary workers ☐

pressure from other permanent staff ☐

pressure from unions ☐

to improve commitment from temporary workers ☐

other (*please specify*) ..... ☐

26. What are the advantages in making such transfers? (*please tick all that apply*)

able to select for permanent jobs with more confidence ☐

individual is more familiar with work & job requirements ☐

saves cost of advertising when a vacancy comes up ☐

able to try out people who don't have qualifications for the job ☐

other (*please specify*) ..... ☐

27. Are you more or less likely to recruit from any of the following groups when recruiting on a **temporary** basis? *(please tick one box on each line)*

	much more likely	somewhat more likely	no different to usual	less likely
unemployed (up to a year)	☐	☐	☐	☐
unemployed (over one year)	☐	☐	☐	☐
people with disabilities	☐	☐	☐	☐
people with a criminal record	☐	☐	☐	☐
people with insufficient/borderline experience for the job	☐	☐	☐	☐
people with insufficient/borderline qualifications for the job	☐	☐	☐	☐

28. Do you have any further comments on the use of temporary workers at your establishment? (*please continue on a separate page if necessary*)

29. May we contact you to take part in a short interview about temporary workers?

yes ☐ no ☐

If yes, please give your name and telephone number: .....

.....

Thank you for completing this questionnaire. Please return it in the envelope provided to The Institute for Employment Studies, Mantell Building, University of Sussex, Brighton BN1 4EE

Appendix 3: Bibliography

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Appendix 4: Commentary Programme List

1. Issues raised by the DE Group, Problems and Pressures affecting Firms
2. Shortages of Electrical Engineers Output — Employment/Unemployment Relationships: a Company Level View

   The Employment of Accountants

   Women's Employment: a Bibliography
3. The Employment of Accountants — an Outline of the IMS/EEF Productivity

   Case Study of the Effects of Legislation in the Off-shore Oil Construction Sector

   Two IMS Manpower Survey Occupational Analyses Updated: Electrical Engineers*, Secretaries and Typists in Greater London
4. Changing Employment/Output Relationships (full version and an outline of findings)
5. Report of the IMS Survey of Emigration of Electrical Engineers (full version and summary version)
6. Changes in the Output/Employment Relationship since the middle of 1978.

   Trends in Occupation 1974-78

   Absence*

   Employers' Attitudes to the Provision of Advance Part-time and Short Courses in Technology*
7. Follow-up Study on Firms' Output and Employment Plans, Potential for Worksharing in Selected UK Organisations*

   Future Manpower Requirements in the UK Carpet Industry*

   The Determinants of Doctors' Career Decisions*

   Graduates' Early Work Experience*
8. Mobility in the Labour Market
9. Case Studies in Labour Mobility

   The Absence Workshop — a Summary*
10. Sick Pay and Absence
11. Alleviating Skill Shortages: the Contributions of Internal Company Manpower Utilisation and Publicly-funded Training
12. Redundancy Payments Survey: Findings on the Feasibility Study Performance and Productivity in Engineering

    The Absence Workshop: Results of the 1979 Absence Survey*

13. **Redundancy Provisions (summary findings)**

    Redundancy Provisions (statistical tables)

14. Recruitment and Training in the Recession

15. Labour Productivity and the Current Recession

16. The Layard Scheme: an Attitudinal Approach

    YWS: a Preliminary Assessment

17. Occupational Pensions as a Constraint to Mobility

    Apprentice Training Support*

    The Changing Face of Sick Pay: Self-certification*

    Housing Constraints in a Growing Labour Market*

18. Jobsharing

    Employment of Disabled Persons

19. YTS Survey

20. Growing Firms

21. YTS Follow-up Survey

22. YTS Final Report

23. Gatwick Airport and the Labour Market*

    Selection Criteria: Matching Young People to Jobs in the 1980s

    IMS Research into the Determinants of Wastage*

    The Sponsorship of Engineering Graduates in the UK*

    The Avon Labour Market for Computing Skills*

    Skilled Manpower in Construction

24. Early Retirement

25. New Technology and Employment in the Financial Services Sector: Past Impact and Future Prospects

26. Recruitment, Training and New Technology

27. Methods of Measuring Skill Shortages: Interim Report

28. Methods of Measuring Skill Shortages: Final Report

29. Retraining for Electronics*

    Policy and Practice in Career Management*

    Redundancy in the 1980s

30. New Forms of Work Organisation

31. Temporary Working in Britain: Its Growth and Changing Rationales*

32. Flexibility in Firms

33. Access to Training and Jobs

34. Employers' Attitudes to the Long Term Unemployed

35. Patterns of Retirement

36. Employers' Attitudes to NAFE Providers

37. Employment Structures in Tourism and Leisure

38. Dividing Jobs: Employers' Attitudes to Job-sharing and Job-splitting

39. Relocation and Recruitment Difficulties of Employers in the South East

40. Employer Involvement in Adult Training Initiatives

41. Flexibility & Skill in Manufacturing Establishments

42. Corporate Employment Policies for Europe

43. Retaining Women Employees: Measures to Counteract Labour Shortage

44. The Employment and Utilisation of Older Workers

45. Regional Variation in the Development of Youth Training

46. Recruitment Procedures and Job Search Behaviour

47. Pay Pressures in the Private Sector: Managerial Strategies

48. Literacy and Less Skilled Jobs

49. Foreign Language Needs of Business

50. Re-deployment of ex-Service Staff

51. Careers Service

52. Barriers to Returning to Work

53. Young Workers

54. Employing Disabled Personnel

55. Jobsearch

56. Employer Responses to Training and Enterprise Council Provision

57. Employers' Policies and Attitudes Towards Check-off

58. Employers' Views of EBP Links

60. Contemporary Issues in Industrial Relations: Implications for WIRS

61. Temporary Work and the Labour Market

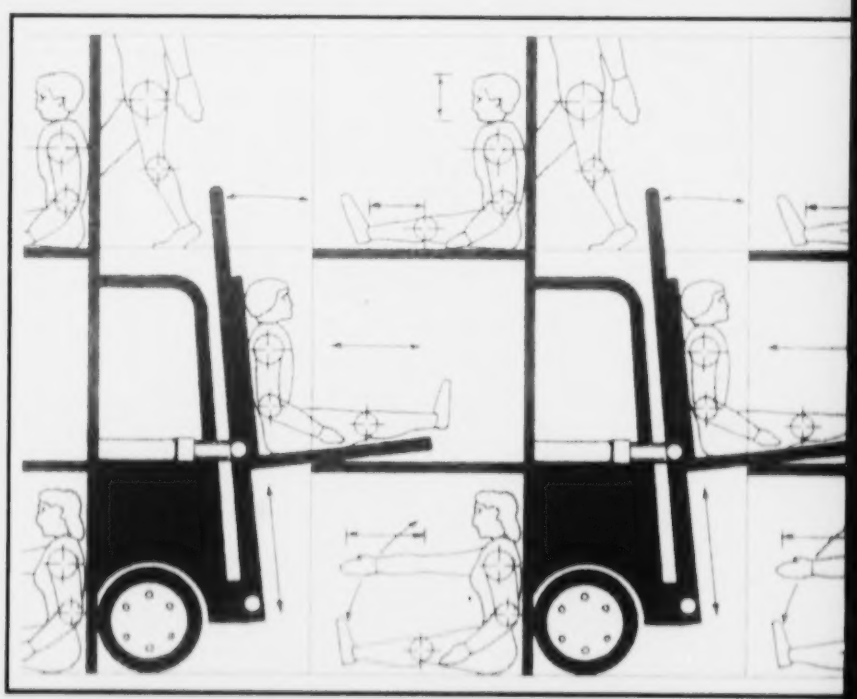
* These reports were derived from Institute research conducted outside the Commentary remit.

TEMPORARY WORK AND THE LABOUR MARKET

J Atkinson, J Rick, S Morris, M Williams

Report 311, 1996
ISBN 1-85184-237-3

This report considers the changing nature of temporary work in the 1990s. Both quantitative and qualitative data are used to explore the various motives which explain how, and why, employers use temporary workers. It examines the considerable variation that exists in the way employers recruit temporary workers, and their perceptions of the advantages and disadvantages of the intermediary bodies involved. The occupational and other characteristics of this group of employees are explored, and the study discusses the critical issues affecting the prospects for job seekers to make the transition from temporary to permanent employment.



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